



Whaling: The huntsmen return

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Olympics: Why champions win

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Fine wines: Bargains on the rack

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Holiday blues: Low prices, high risks

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of THE YEAR

Weekend August 1/August 2 1992

# FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

## Channel 4 fined for not revealing Ulster source

Channel 4 escaped possible sequestration of its assets and the threat of closure for refusing to reveal the source behind a television documentary on Ulster. Instead, the television channel and the programme's producer, Son Productions, were fined £75,000 in the High Court. They face costs estimated at between £150,000 and £200,000. Page 22

**Airbus crashes** A Thai Airways Airbus on a flight from Bangkok to Nopal crashed in a forest shortly before it was due to land. There were 113 people on board. Rescuers were trying to reach the site. In east China, a Yak-42 airliner carrying 116 passengers and 10 crew crashed on takeoff from Nanjing airport, killing 100. Kennedy Airport escape, Page 2

**Weightlifters passed drugs test** British weightlifters Andrew Saxton and Andrew Davies, sent home from the Barcelona Olympics for failing drugs tests in the UK, could be allowed back. Both had passed international Weightlifting Federation tests at the games. Olympics, Weekend Page VI

**Market dips as sterling weakens**

FT-SE 100 Index  
Hourly movements  
2,440  
2,420  
2,400  
2,380  
2,360  
2,340  
27 July 92 31  
London stocks, Page 13, Markets, Weekend II

**Inkatha attacks ANC** South Africa's mainly Zulu Inkatha Freedom party strongly attacked the African National Congress "mass action" campaign, urging supporters to defy the general strike called for Monday. Page 3

**US orders up** US factory orders rose 2.3 per cent in June - their biggest gain in 11 months, but personal incomes failed to grow at all after four months of very modest increases. Page 2

**McDonnell Douglas earnings down** Financially stretched US aerospace group McDonnell Douglas reported a 51 per cent drop in second-quarter earnings to \$38m (£19.8m), higher-than-expected costs on an airliner production programme and a reversal of its recent success in lowering its debt-to-equity ratio. Page 10

**Airport contracts** A consortium of Japanese, US and European companies has been provisionally awarded a HK\$5bn (£650m) contract to carry out reclamation and site preparation for Hong Kong's Chek Lap Kok airport. Page 3

**Agreed bid for Templeton, Galbraith** London-listed and Bahamas-based international fund management company Templeton, Galbraith Hansberger, is being acquired by Franklin Resources Incorporated, California-based fund manager, in an agreed deal valued at \$913m (£478m). Page 8

**Lloyds profits up** Lloyds Bank, smallest of the Big Four UK clearers by asset size, reported an 11 per cent rise in first half pre-tax profits to £265m due largely to lower provisions against bad debts. Page 5

**Cadbury backed** The London Stock Exchange endorsed recommendations from the Cadbury committee to improve the performance of company boards and said it might make one recommendation - that balance sheet information be included in interim financial reports - a condition of listing. Page 4

**End of Blue Arrow cases** The Serious Fraud Office has abandoned its Blue Arrow prosecution by dropping proceedings against four City advisers charged with fraud over the affair. Page 22

**Poll tax lives on** One local authority in 12 expects to be collecting poll tax arrears until 2000, even though the tax will be replaced by the property-based council tax in April. Page 4

**Leonard Cheshire** Leonard Cheshire, Second World War bomber pilot who won the Victoria Cross and then founded a worldwide organisation to care for the disabled, died aged 74. Page 4

**THE STOCK MARKET INDICES**

FT-SE 100 2,398.5 Yield 5.10 I-120 New York Industrial 5 1,927.5 London 1,927

FT-SE All Share 1,143.14 Yield 4.07% I-120 DM 1,919 (1,919)  
Nikkei 225 15,710.29 Yield 4.07% DM 2,065 (2,065)  
New York Industrial 3,299.75 Yield 4.07% SF 2,532.25 (2,532)

Dow Jones Ind Ave 3,299.75 Yield 4.07% Y 244.5 (245)  
S&P Composite 424.08 Yield 4.07% S Index 92.3 (92.3)

**IN US LUNCHTIME RATES**

Federal Funds 3.1% 3-mo Interbank 10.5% (10.5%)  
Long Bond 100.11 Yield 7.43%

**IN LONDON MONEY**

3-mo Interbank 10.5% (10.5%)  
3-mo long gilt future Sep 92 100.11 (Sep 97.11)

**IN NORTH SEA OIL (Argus)**

Brent 15-day (Sep) \$28.75 (20.5)

**IN GOLD**

New York Comex (Aug) \$367.4 (366.5)  
London 337.55 (366.6)

Tokyo close Y 127.2 (127.2)

Continued on Page 22

## Monopoly probe into British Gas

By Neil Buckley

**THE SUMMERING** row between British Gas and the industry regulator, Ofgas, erupted into the open yesterday as Mr Michael Heseltine, trade and industry secretary, agreed to a review of the UK gas market by the Monopolies and Mergers Commission.

Yesterday's surprise move, requested by British Gas, was triggered by disagreements between Ofgas and the Office of Fair Trading, which imposed a wide range of changes on the industry early this year, sometimes leading to confusion. Customers and independent suppliers were now demanding more consultation time.

It is the first time a privatised

utility said yesterday had "made medium and long-term planning extremely difficult".

Mr Cedric Brown asked Mr Heseltine for the referral yesterday morning, only hours before he was due to take on as chief executive of British Gas following the decision by Mr John Evans, chairman and chief executive, to split the two roles.

Mr Brown yesterday claimed conflicting demands between Ofgas and the Office of Fair Trading, which imposed a wide range of changes on the industry early this year, sometimes leading to confusion. Customers and independent suppliers were now demanding more consultation time.

It is the first time a privatised

utility has opted to subject itself to an MMC investigation.

British Gas is not the only utility to have a turbulent relationship since the start of the privatisation process in the early 1980s. British Telecom, for example, has been at the brink of an MMC referral but always drawn back.

For British Gas, it is a high-risk strategy which analysts suggested might result in the break-up of the company. The government's decision to agree to privatisation as a single unit in 1986 is bound to be questioned.

An MMC inquiry will mean months of intense scrutiny of all aspects of British Gas's business and a period of prolonged

uncertainty for shareholders. The MMC could empower Mr Heseltine to modify the Gas Act, under which British Gas was privatised.

British Gas agreed to demands from the Office of Fair Trading earlier this year to give off its transportation and storage business into an arm's-length subsidiary by 1994, and to publish new pricing schedules for independent shippers using British Gas pipelines by this September.

But it has insisted that tariffs should allow the company to earn a fair rate of return on its pipeline assets. It says that is 6.7 per cent on existing assets, and 10.6 per cent on new investment, otherwise, investment in pipeline

offer agreements reached with the OFT and Ofgas in a "piece-meal fashion". He had therefore concluded the MMC should review the whole gas market.

Mr John Dorkin, deputy director general of Ofgas, last night attacked what he called British Gas's "misrepresentation".

"It was quite clear that British Gas's proposals were unacceptable to us. Our view was that rather than have a long, long debate about this, it was better to have them debated by the MMC."

Ofgas itself asked the MMC yesterday to investigate the transportation and storage business, but its request was overtaken by Mr Heseltine's decision to widen the inquiry.

## Brussels clears way for Twyford Down road plan

By Bronwen Maddox,  
Environment Correspondent in  
London and Andrew Hill in  
Brussels

**THE 20-YEAR** battle to save Twyford Down in Hampshire ended in failure last night as the European Commission gave the go-ahead to the government's controversial scheme to extend the M3 motorway.

The commission dropped legal actions against the Twyford Down project and four other UK building projects for alleged breaches of EC environmental rules. The move is likely to reduce UK accusations that Brussels is interfering too much in environmental policy.

Brussels officials denied suggestions that the decision marked a climbdown to avoid embarrassing the UK during its six-month presidency of the EC.

The four projects apart from Twyford Down which will now go ahead are the Channel Tunnel rail link, including the terminal at King's Cross, London; the M11 link road at Hackney, east London; an incinerator at South Warwick Hospital and a soft-drinks plant and can-making factory at Brackmills, Northampton.

However, Brussels, which is still at loggerheads with London

over the scope of EC rules, yesterday took one step further toward bringing legal action against two other UK construction projects.

Last October the then-EC environment commissioner Mr Carlo Ripa di Meana provoked a fierce row between Brussels and London when he said work on the five projects should be halted because surveys on the environmental impact, required by a 1985 EC directive, had not been carried out.

The UK has since convinced the commission that the environmental impact had been adequately considered. Mr Michael Howard, secretary of state for the environment, said yesterday: "I am pleased that they now accept how comprehensive our approval procedures were."

Mr David Croker, chairman of the Twyford Down Association, who has campaigned for nine years to preserve the beauty spot, said last night: "It looks like the end of an era."

Brussels is still threatening legal action over two projects where it says Britain did not follow proper procedure - the East London River Crossing through Oxleas Wood and the extension of a British Petroleum refinery in the Scottish city of Falkirk.

## Treasury and Bank step up defence of sterling

By Peter Norman and James Blitz

**THE UK TREASURY** and the Bank of England yesterday stepped up their defence of the pound's position in the European exchange rate mechanism in the face of renewed weakness on European currency markets.

Mr Robin Leigh-Pemberton, the Bank's governor, moved swiftly to counter damage to sterling following Thursday's criticism of its high value in the ERM from Mr Brian Pearce, Midland Bank's chief executive, and Sir Denys Henderson, ICAT chairman.

The UK monetary authorities were "absolutely determined not to tolerate inflation", Mr Leigh-Pemberton said. "This is why our commitment to the ERM is so important and unwavering as a means to that end."

Earlier, in an interview with the Daily Express, Mr Norman Lamont, the chancellor of the exchequer, repeated his opposition to devaluation. It was "fool's gold", he said, and would lead to higher, not lower, interest rates.

Dealers said both the Bank of England and the Bank of Portugal intervened in yesterday's foreign exchange market trading, buying sterling after it fell below its permitted floor against the Portuguese escudo, which is the strongest ERM currency.

THE DONT LEAVE home without one - that's what is - drivers in Bangkok have been warned by the Thail government. They should also take emergency supplies of food and water.

This alarmist advice follows a week in which Thailand's capital, already notorious for its traffic jams, excelled itself.

A series of nightmare snarls caused by monsoon rains stranded some children at school until after midnight and delayed international flights, prompting the government to advise drivers to carry rations and chamber pots - just as in case.

Commuters took up to six hours to drive a few kilometres to their homes; on most routes there is no alternative to road transport.

At one school in north Bangkok parents started arriving to collect their children only at 11pm on Wednesday; the last pupil left at 2am the following morning. The jams played havoc with airline schedules because passengers and aircrew alike were unable to reach the airport.

The immediate cause of the chaos was the rain but the real culprits are the successive Thai governments, which have doggedly refused to plan the capital's growth or build new public transport networks.

Wednesday evening's congestion, exacerbated by the flooding of the airport road and by cars running out of petrol after hours

of crawling through the streets, was possibly the worst in the capital's history.

Bangkokians have developed a peculiar culture to deal with the physical and mental strains of their predicament. Even people of relatively modest means employ a driver and use the back seat of the car as a secondary office, complete with newspaper, a mobile telephone and sometimes a television.

An invitation to lunch is followed by a period of delicate negotiation. Each party attempts to name a restaurant close to his or her own office, and the loser is permitted to be late and to boast of the appalling traffic jam which trapped him.

Commuters often simply add to the misery. Many are operated by hand, and one set has been known to take 18 minutes to change.

Motorcycle taxi drivers, organised into gangs with different territories, have developed a lucrative trade, weaving in and out of lines of stationary cars and buses. Their passengers are either too hurried or too careless to heed the dangers of driving in Bangkok without a crash helmet.

Incredulously gowned secretaries sit side-saddle behind the drivers (usually only the drivers' girlfriends or foreign women saddle the pillion), their legs dangling perilously close to the other vehicles and their minds apparently oblivious to the noise and exhaust fumes. But even

they are not immune to the effects of the monsoon.

Some ideas were never meant to fly.

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Realignment demanded, Page 5  
Editorial Comment, Page 6  
Currencies, Page 11  
Lex, Page 22

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## NEWS: INTERNATIONAL

# Fumbling Bush assailed by bad news on all sides

Opinion polls give Clinton one of the biggest leads in history. Jurek Martin assesses their import

**T**HIS WEEK'S opinion polls make chilling reading for President George Bush's hopes for re-election.

The state polls are even more ominous than the national polls and the now almost daily blasts of disaffection from conservative Republicans.

Mr Bush knows he is behind and is trying to make a virtue of it on his campaign swing through Texas and California, portraying himself as an underdog with right and experience on his side. Holidays in Maine have been cancelled.

But only Harry Truman in 1948 has eliminated a deficit as large as that by which Mr Bush now trails Mr Bill Clinton, the Democratic nominee, and that was in the infancy of polling. Gerald Ford nearly did so in 1976 against Jimmy Carter, but fell two points short.

Moreover, this contest will be determined in the Electoral College, in which, Maine and Nebraska curi-

ously excepted, the winner of a state gets all the votes. They key to Republican success in five of the last six elections has been to lock up large blocs of the country, particularly the south and most of the west.

This strategy now looks vulnerable. As tabulated by The Hotline, the invaluable daily political newsletter, the nine latest statewide surveys put Mr Clinton ahead everywhere. In only North Dakota and Virginia do his four- and seven-point respective leads fall within the pollsters' usual margins of error.

His biggest advantages are in the two largest states; Mr Clinton leads in California by 62-28 per cent and in New York by 58-28 per cent. Mr Bush is even behind in Orange County, California, where Democrats are eaten for breakfast.

The news from important "swing" states is equally bad. In North Carolina, Mr Clinton leads by 53-34 per cent, in Missouri by 57-39 per cent, in

Washington by 56-32 per cent and in Minnesota, with a stronger Democratic tradition, by 60-31 per cent.

Even the supposedly solid south-west looks shaky. In Arizona,

Bush, of the Perot volunteer army (by a four-to-one margin in California, for example) and the perception that the Clinton-Gore campaign is on a real roll, while the Bush-

mistic Fred Malek, the Bush campaign strategist, saying he would be "a foolish person" to ignore a 62-28 per cent poll result. Congressman Vin Weber of Minnesota, cracked: "It is one thing to say there is a hurricane coming, it is another to see your basement flooding."

George Will, the columnist, really opened the gates on Wednesday by calling on the president to withdraw from the race. Since then, Richard Viguerie, a big conservative fundraiser, has demanded that Mr Bush back out and engineer a ticket headed by Jack Kemp, the housing secretary, with James Baker, the secretary of state, as running mate.

Mr Adam Myerson, of the Heritage Foundation, the rightwing think tank, confessed that "conservatives do not think a Clinton administration could be much worse than a Bush administration". Mr Burton Pines, from the same stable, added: "For all the talk of dumping Dan

Quayle, we should be talking about dumping George Bush."

Mr Tommy Thomas, former Republican party chairman in Florida, paid for a full-page advertisement (£45,000) in the Washington Post calling on Mr Quayle to step down. He later said he wanted Mr Baker to run with Mr Bush, apparently forgetting that the law prevents both members of a ticket coming from the same state (though Mr Bush, whose legal residence in Texas is only a hotel room, could always declare he lived in Maine, while Mr Baker keeps a home in Wyoming).

One veteran Washington insider, who has worked with Mr Bush over the years, says the president has the sometimes distressing habit of keeping the advice of the last person he has spoken to in private. The conservative laments are public. Only James Baker, apart from Barbara Bush, has the clout and the access to tell the president what to do.

## Moscow makes a collective show of disunity

By Leyla Boultin in Moscow

THE Russian cabinet sat down in front of the world's press yesterday to show how united it was, then blew the whole thing.

The young radical reformers, fortuitously massed to the left of a long table, were conspicuous for the absence of their leader, Mr Yegor Gaidar, the acting prime minister.

Mr Vladimir Shumako, the first deputy prime minister, made a show of taking charge, but opened the proceedings with a denial that he and other new "industrialists" in the cabinet were promoting a U-turn in economic policy.

Mr Gyorgy Kuzha, one of the other new cabinet members, called for increased cash hand-outs as the main solution to the crippling debt crisis among enterprises, but Mr Anatoly Chubais, the deputy prime minister in charge of privatisation and "co-ordinating" economic reform, was quick to differ.

It was normal practice to increase working capital to keep up with inflation, but "any excessive provision of new credit would trigger hyper-inflation," he said.

When Mr Shumako left open the possibility Russia might miss financial targets agreed with the International Monetary Fund ("We and the fund are clever people who can always find an accommodation"), Mr Alexander Shokhin, the deputy premier for foreign economic relations, stoutly defended the IMF accords.

"I'd like officially to declare that we are pursuing these targets not because they are demanded by the fund but because they are required by our own policies," he said. "We don't need hyper-inflation and a huge budget deficit."

The economic debate continues to be confused with arguments over external political influence. The Nezavisimaya Gazeta newspaper predicted yesterday that foreign minister Andrei Kozyrev's days in office were numbered because of his pro-western focus. He denied there were any problems.

But this still did not stop him from complaining minutes later that he had not even been consulted over the drafting of new regulations on the movement of foreigners within Russia - although he is in charge of operating them.

## Ambitious telecom project

By Leyla Boultin and Dmitry Volkov in Moscow

THE Far Eastern part of an ambitious project to link the former Soviet Union with a sophisticated international telecommunications network will begin in October with tenders to carry out the work.

Mr Oleg Belov, for the Russian end of the project, said yesterday contracts for providing and laying fibre optic cables between the Russian city of Khavarovsk, Japan and South Korea would be put out.

A memorandum of understanding to put the \$120m Far Eastern link into operation by 1995 was signed yesterday by Russia's Inter Teleskom, Japan's Kusai Denshin Denwa (KDD) Korea Telecom and two Danish telecommunications companies involved in linking the western and eastern ends of the former Soviet Union via the Baltic Sea.

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# Bundesbank hawk defends tough line

By Christopher Parkes  
in Bonn

ONE of the Bundesbank's leading anti-inflation hawks yesterday accused the government of failing to do enough to protect the D-Mark. He also confirmed that Mr Theo Waigel, finance minister, had tried to head off last month's controversial increase in the German discount rate.

"Unfortunately, the Bundesbank currently bears an over-heavy responsibility for the stability of the D-Mark, since pay and finance policies deny it the necessary support," Mr Lothar Müller, a member of the Bundesbank's policy-making central council, said in a letter.

The discount rate rise from 8 per cent to 8.75 per cent, imposed to bring money supply growth under control, was "necessary, suitable and moderate," he added.

Mr Müller, who is also president of the central bank of

Bavaria, was replying to a sharp attack from Mr Erwin Huber, general secretary of the Christian Social Union. The CSU is a senior partner in the Bonn coalition. Led by Mr Theo Waigel, it sponsored Mr Müller's appointment to the Bundesbank council.

Mr Huber claimed in a newspaper interview yesterday that Mr Müller had defied the finance minister over interest rates and abused his office with a recent call for a referendum on the Maastricht treatise on European Union.

Mr Müller wrote to Mr Huber personally, saying he regretted going against Mr Waigel's wishes, but making plain that the Bundesbank council was politically independent and committed to maintaining the D-Mark's status and stability.

The attack, which signalled a determined effort to make Mr Müller toe the party line, if not remove him, came at the end of a week of unusually harsh



ALL 291 people aboard a TWA jet aircraft made a dramatic escape at Kennedy Airport yesterday within minutes of an aborted takeoff and fire that gutted the rear half of the plane. Middleman, a Kennedy airport official. The Lockheed L-1011, bound for San Francisco, caught fire as it sped down the runway. The pilot halted the takeoff which caused the plane to veer off the runway and crash through a barrier.

## Commission wants Sweden to give pledge on defence before joining EC

By David Buchan in Brussels

SWEDEN should agree to join in an eventual common European defence as the price for entering the EC, the European Commission said yesterday.

This was the only seriously contentious issue raised by the Commission in what Mr Frans Andriessen, the external affairs commissioner, called a "perfectly positive" opinion on Sweden's membership.

A year ago Sweden followed Austria in applying for membership, prompting similar

action from Finland and Switzerland, and possibly from Norway this autumn. The EC has said it is ready to start formal accession negotiations with these countries from the European Free Trade Association (Efta), once future Community financing has been agreed and the Maastricht union treaty ratified.

The difficulty of ratifying Maastricht, after it was rejected two months ago by Denmark, still places a certain question mark over admission of new EC members.

Anxious lest incoming Efta neutrals stymie the Community from developing a common defence one day, President Jacques Delors persuaded his Commission colleagues

that Sweden should, during its accession negotiations, be made to give "specific and binding assurances" that it will accept whatever emerges from Maastricht in this area. The Commission is likely to recommend the same in its opinions on Finland and Switzerland later this year.

By contrast, Sweden should find it relative plain sailing to adapt its relatively successful economy to Community requirements, though the Commission signalled likely difficulties for Sweden's farmers.

Mr Oleg Belov, for the Russian end of the project, said yesterday contracts for providing and laying fibre optic cables between the Russian city of Khavarovsk, Japan and South Korea would be put out.

A memorandum of understanding to put the \$120m Far Eastern link into operation by 1995 was signed yesterday by Russia's Inter Teleskom, Japan's Kusai Denshin Denwa (KDD) Korea Telecom and two Danish telecommunications companies involved in linking the western and eastern ends of the former Soviet Union via the Baltic Sea.

## Brussels backs off in state aid rows

By Andrew Hill in Brussels

THE European Commission yesterday submitted to heavy pressure from governments and companies outside the Community and postponed decisions on two controversial areas.

They were said to be worried about pending legal action by the Spanish authorities, which disputes Brussels' right to open a state aid investigation.

The Spanish authorities wrote off Pt436bn of debts owed to them by CCC, an ailing electricals group which

AB bought in June 1990. CCC would have difficulty repaying the write-off itself.

Separately, the Commission decided to delay imposition of a 10 per cent customs duty on Chrysler vans imported into the EC from a new Austrian

factory. Brussels alleges that Austria provided excessive subsidies for the factory, breaking the terms of a trade agreement with the EC.

The commissioners decided on further talks with Austria before they submit formal pro-

posals for duties to EC member states.

• The Commission is to take the Italian government to the European Court for not implementing two 1989 Commission decisions calling for the refund of £875.5bn (£295m) of state aid. The Commission wants the aid - £615.1bn from Alfa Romeo and £260.4bn from Lanerossi - to be repaid to the Italian state rather than to state-owned holding companies. The Alfa Romeo decision has already been upheld once by the European Court.

## Few signs of recovery for airlines in first half

By Paul Betts,  
Aerospace Correspondent

THE world airline industry has had a disappointing first half, with few signs of a strong recovery in international passenger traffic.

Freight traffic grew 6 per cent in the first half. For June, passenger traffic was 10 per cent higher and freight traffic 4 per cent higher than in June last year.

Airlines are also continuing to maintain high capacity levels, which are putting pressure on yields.

hit by the Gulf crisis travel slump.

Compared with 1990, first-half passenger traffic was only 8 per cent higher than in the previous month.

Defence orders, always volatile on a monthly basis, shot up by 19.5 per cent, mostly offsetting the 22.3 per cent decline in the previous month. Excluding defence, overall orders rose by 1.9 per cent.

Few signs of recovery for airlines in first half

By Paul Betts,  
Aerospace Correspondent

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They were said to be worried about pending legal action by the Spanish authorities, which disputes Brussels' right to open a state aid investigation.

The Spanish authorities wrote off Pt436bn of debts owed to them by CCC, an ailing electricals group which

the bloodshed has eased in Croatia, people say the war will not be over until the UN-controlled zone. Mr Horvat says economic renewal is continuing

gent on the government giving up control over the economy. He sees economic reform as a crucial step in achieving real democracy.

While the international community searches for a political solution to the Yugoslav crisis, many Croats believe the only solution is to intensify pressure on Serbia. Most are unwilling to make any compromise with Serbia until Croatia controls its own territory.

Mrs Silić, a 22-year-old student, says: "Until they [the Serb militia] stop the killing in Bosnia, we need the strongest government to protect Croatia and help unite the territory again."

## War prompts rampant nationalism in Croatia

Laura Silber on the mood in the former Yugoslav republic on the eve of elections

ON THE EVE of presidential and parliamentary elections, thousands of Croats in Zagreb at a rally for the Croatian Party of Rights raised their hands in a Sieg Heil salute, and vowed to defend their homeland.

Ultra-nationalists in Croatia, embodied by the Croatian Party of Rights (HSP), will be in the lead until an agreement is reached to end the war between the former Yugoslav republic and Serbia.

Mr Milorad Popovic, a leader of the Serbian Democratic Forum, says: "Mutual recognition by the two countries would be an important and necessary step towards a politi-

cal solution."

The need for Croatia to reassess control over its territory has been the single most important issue of the month-long election campaign. The war, which began in June last year, gave rise to nationalism and appears to have eclipsed all other issues.

Electoral posters throughout

the capital call for a "free and strong" Croatia". One of the HSP posters portrays a hand holding a machine gun.

Mr Branko Horvat, a Zagreb economist, says: "Only when you can walk freely from one end of the country to the other, can you have democracy.

"If you wish to have a democratic Croatia, then you must stop the war," says Mr Horvat, whose Social Democratic Union party stands little chance in Sunday's poll. While

# HK airport deal for consortium

By Simon Holberman  
in Hong Kong and  
Andrew Taylor in London

An international consortium of Japanese, US and European companies was yesterday provisionally awarded a HK\$1bn (£150m) contract to carry out reclamation and site preparation for Hong Kong's Chek Lap Kok airport.

The bid by Airport Platform Contractors was the lowest from four short-listed consortia and was well below the HK\$10bn budgeted for the work by the Provisional Airport Authority, the government corporation charged with overseeing and managing the project.

The contract is expected to take about 3½ years to complete. Members of the consortium include Nishimatsu Construction of Japan, Costain of the UK, Morrison Knudsen of the US, China Harbour Engineering from China, Ballast Nedam, a Dutch subsidiary of British Aerospace, and Jan De Nul of Belgium.

Work will involve levelling the 1,248 hectare site on Chek Lap Kok Island and reclaiming

land from the sea. The formal award of the contract requires China's approval for the financing for the airport, which, allowing for estimated inflation, is forecast to cost HK\$68.5bn. The Hong Kong legislature then has to approve the arrangements.

Beijing's approval is expected to take some time. The consortium has agreed to extend the closing date of its offer from mid-October until the end of November.

Failure to meet this deadline may mean the contract being put out for re-tendering, which could lead to higher costs. The planned completion date of before June 1997 would also be difficult to achieve.

It is the second big contract to be awarded for the airport project, which includes large-scale road and rail links to the mainland. In May an Anglo-Japanese consortium which included Costain and Trafalgar House, the UK construction, property, shipping and hotels group, was awarded a HK\$7.1bn contract to build one of the world's largest suspension bridges.

Negotiations between Britain

and China about the financing of the whole airport project broke up on Thursday without agreement. Yesterday Mr Chris Patten, the colony's governor, said he hoped for rapid progress in negotiations after August.

China is concerned about the cost of the project, the financial guarantees made available to the project by the government, and the prospect of heavy debts accruing to the post-1997 government of the colony.

Britain is seeking China's agreement to the financial package devised for the Provisional Airport Authority. It is prepared to make concessions on the financing of the airport railway, the principal source of concern to China.

Any concerns China has in this regard are unlikely to be allayed, or confirmed, until Mr Patten knows his plans on the colony's future political structure in the autumn.

But the provisional award of the contract, which came in under budget, has increased the pressure on Beijing to approve the financing for the airport.

## Mideast talks for August 24

By Hugh Carnegy  
in Jerusalem

WASHINGTON and Moscow have invited participants in the Middle East peace talks to resume bilateral negotiations in the US capital on August 24, the first meeting since the change of government in Israel last month.

In Johannesburg, Mr Humphrey Ndlovu, a senior IFP official, accused the African National Congress (ANC) of adopting a "deliberate confrontationist policy of mass action".

An anti-strike march by the IFP is due to take place today in Durban, in the party stronghold of Natal province.

He made clear that he expects to return to South Africa as part of a UN initiative, and is expected to recommend that the world body attach observers to local institutions, such as the Goldstone commission into township violence, and the National Peace Accord, a body set up last year to help curb political killings.

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# Inkatha denounces strike plan

By Michael Holman in Johannesburg

POLITICAL tensions in South Africa heightened yesterday as the mainly Zulu Inkatha Freedom party (IFP) strongly attacked the African National Congress (ANC) "mass action" campaign, urging supporters to defy the general strike called for Monday.

In Johannesburg, Mr Humphrey Ndlovu, a senior IFP official, accused the African National Congress (ANC) of adopting a "deliberate confrontationist policy of mass action".

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ANC leader Cyril Ramaphosa and Cosatu trade union federation leader Jay Naidoo at a press conference backing the general strike call

## Japanese data show setbacks for economy

By Robert Thomson in Tokyo

NEW job offers in Japan fell sharply in June and consumer prices in Tokyo were slightly lower last month, reflecting the slowdown in economic activity that prompted the Bank of Japan to cut official interest rates this week.

The Bank of Japan argues that the bottoming-out of the housing market, at least in the rental area, means an economic recovery is not far away, but apartment prices are still declining and the share prices of leading property developers have fallen sharply over the past month.

New job offers in the manufacturing industry fell 23.5 per cent on the same month last year, with a 60 per cent fall in demand for seasonal and part-time workers. However, there is still a labour shortage in service sector businesses and in some factories.

The ratio of job offers peaked at 1.47 in March last year, and has since fallen consistently, prompting the ministry to start a study into sectors with a surplus of workers.

JVC, the Japanese consumer electronics company, is to produce television sets in Shanghai in a joint venture which will be its first manufacturing project in China, Gordon Cramb writes from Tokyo. Production will begin in December and is intended to reach an eventual 240,000 sets a year. These will be exported, but JVC will also use the site to assemble knockdown kits for video cassette recorders, camcorders and karaoke equipment aimed at the Chinese market.

JVC will have 55 per cent control of the venture. The main local partner is Shanghai Video and Audio Electronics, which has 29 existing plants making televisions and video cameras, and 6,000 sales affiliates and service centres across the country.

The venture, though employing only 70 people in its first year when TV output is expected to be 48,000 units, gives a boost to Shanghai's Pudong free trade zone, where it will be located.

## UK fears 'chaos' in Kenya soon

By Julian Ozanne in Nairobi

THE British High Commission in Nairobi has warned the Foreign Office that Britain could lose millions and face an influx of up to 40,000 people with a right to settle in the UK if Kenya descends into chaos.

A confidential memorandum, whose authenticity was confirmed yesterday by British officials, presents a rare glimpse of Whitehall's view of the unfolding transition to democracy in Kenya.

It says: "The real risk to our interest comes from the possibility (by no means unlikely) that rather than peaceful transition, Kenya will see chaos before the end of 1992."

In the memorandum, published this week in Kenya's Finance magazine, officials identify British interests as annual exports worth £250m, investment of £1bn, military training, regional stability, Kenyan support for Britain at the United Nations and "avoidance of developments which would lead to an influx of perhaps 30,000-40,000 people into the UK fleeing disorder in Kenya and with some claim to settlement in Britain".

Although the memorandum was written earlier this year recent developments underline the High Commission's misgivings.

A bitter power struggle has erupted in Kenya's main opposition party, raising the spectre of clashes on tribal or personality lines. On Thursday anti-riot police in Mombasa fired into the air to disperse clashing supporters of the two factions in the Forum for the Restoration of Democracy (Ford). Ethnic clashes, which have left at least 400 dead this year, continue to simmer.

The leaked British memorandum gives an incisive analysis of the strengths and weaknesses of Kenya's political forces and says that while both Ford and President Daniel arap Moi share responsibility for tribal violence, "the government bears the heavier load."

British interests, it says, have been "generally well served by Moi's regime though they have been put at risk by the increasing corruption, economic inefficiencies and degeneration of the political system."

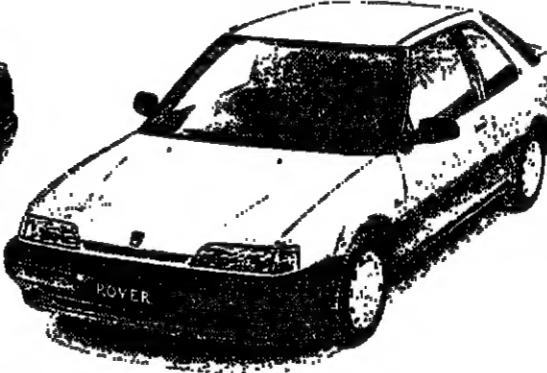
Relations with Kenya cooled in November after Britain joined other donors in suspending aid to Kenya until democratic and economic reforms were implemented.

Sir Roger Tomkys, British High Commissioner to Kenya, said yesterday he regretted the publication of the document which had resulted from a "breach of trust".

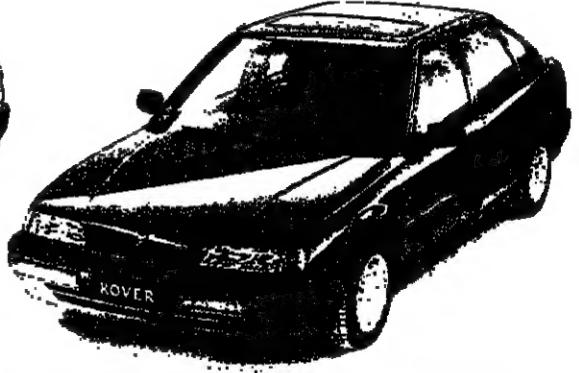
## EIGHT REASONS FOR THE SUCCESS OF THE ROVER 200 SERIES.



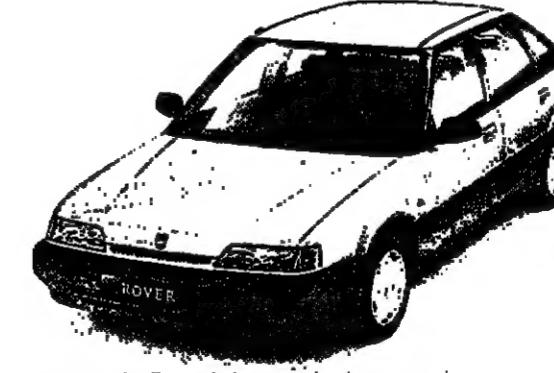
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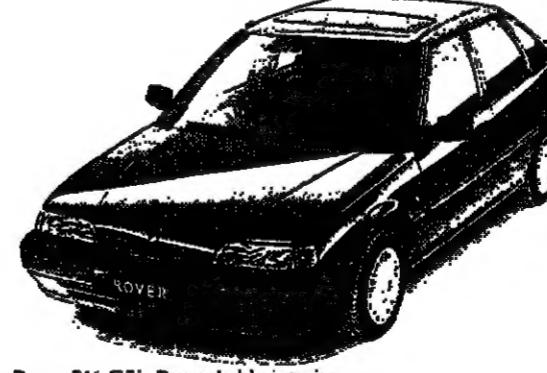
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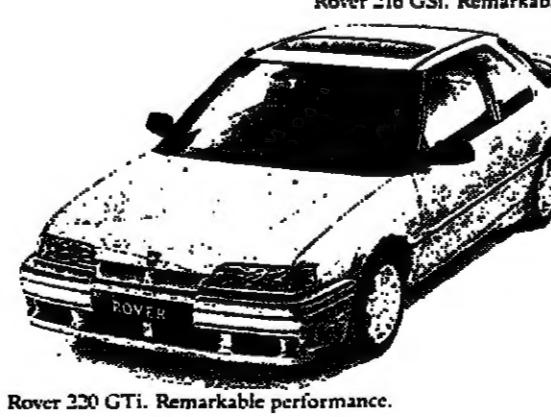
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# SE backs Cadbury proposals

By Norma Cohen,  
Investments Correspondent

The London Stock Exchange yesterday issued an unqualified endorsement for recommendations to improve the performance of company boards proposed by the Cadbury Committee.

The exchange also said it was considering whether one of the committee's recommendations - that balance-sheet information be included in interim financial reports - be made a condition of listing.

The committee, which considered financial aspects of corporate governance, issued a report in May calling for companies to comply voluntarily with a code of best practice for directors.

The committee was formed at the instigation of the Financial Reporting Council, the accountancy profession and the London Stock Exchange, and included representatives of industry, shareholders, academia and the Bank of England.

Among its key recommendations was for a Stock Exchange listing requirement under which companies would be required to disclose the extent to which they complied with the voluntary code of conduct and where they diverged from it. While those companies which fail to comply would risk delisting, it is considered unlikely that the Exchange would do more than censure such a company.

The listing requirement was the only enforcement mechanism proposed by the committee and has been criticised by shareholder groups as falling short of what is needed to

THE Cadbury Committee on corporate governance contains "serious omissions" on enforcement and internal auditing, the Institute of Internal Auditors said yesterday.

The institute said effective corporate control could not rely on external auditors and required professional internal auditors employed by directors to advise on controls within the company.

Mr Harold Izzard, institute spokesman on corporate governance, said: "Cadbury is really a top-down review while we approach the company from the bottom up. But non-executive directors are very vulnerable without internal auditors."

The submission to the Cadbury committee argues that external auditors are restricted by the level of their fees, and mainly concentrate on financial controls.

improve corporate governance.

Yesterday the Exchange spelt out how it intends the listing requirement to work. The code of practice itself will not form part of the Exchange's so-called Yellow Book of rules, only the provision that the extent of compliance be disclosed. The rule would apply to companies seeking listings for the first time as well as those already listed.

The listing requirement has also been strongly criticised by the Confederation of British Industry.

Sir Michael Angus, CBI chairman, said the new listing requirement might lead to additional layers of bureaucracy for business.

## Economists see new fall in GDP

By Peter Norman,  
Economics Correspondent

ECONOMIC forecasters have scaled back their expectations of Britain's economic performance this year and next, according to data released by the Treasury yesterday.

The Treasury's latest survey of independent forecasts, compiled last month, showed that on average economists now expect gross domestic product to fall this year by 0.3 per cent and GDP growth in 1993 to be only 2 per cent. The June survey of 30 forecasters in the City, economic research institutes and academia pointed to growth of 0.4 per cent this year and 2.5 per cent in 1993.

The increased pessimism has caused the forecasters to revise upwards their expectations of unemployment and the govern-

ment's public-sector borrowing requirement.

The latest consensus is that unemployment, which was 2.73m in June, will rise to 2.85m in the final quarter of this year and increase further to 2.97m by the end of 1993. In June, the forecasters predicted unemployment of 2.85m at the end of this year and 2.87m in the final quarter of 1993.

The survey found that, on average, forecasters now expect the PSBR to total £31.7bn in the current financial year and £36.4bn in 1993-94, up from June's estimate.

The survey's only good news for the government is that consensus expectations for inflation have fallen to 3.8 per cent by the end of this year from 3.9 per cent previously, and 3.3 per cent by end-1993 from 3.5 per cent before.

## Councils expect poll tax arrears to last until 2000

By Alison Smith

ONE IN 12 local authorities expects to be collecting poll tax arrears into the year 2000, even though the tax will be replaced by the property-based council tax next April.

Two out of five councils believe that the poll tax backlog will affect implementation of the council tax either extensively or moderately.

The findings come in a previously unpublished study commissioned by the government from CSL management consultants and leaked to Mr Jack Straw, shadow local-government minister.

The work was commissioned to help ensure the spread of

good practice among councils in an effort to reduce the backlog before the first year of the new tax.

The Department of the Environment agreed yesterday with Mr Straw's assessment that more than £1bn was uncollected from the first two years of the poll tax.

"The poll tax fiasco lives on and is likely significantly to upset the implementation of the council tax," Mr Straw said yesterday. "The country has already paid too dearly for the mess of the poll tax; it looks as though the council tax will replace one fiasco with another."

As councils prepare for introduction of the council tax,

## Judges help palace maid to sue press

By Robert Rice  
and Raymond Snoddy

AN APPEAL Court decision in favour of a former maid at Buckingham Palace opened the way yesterday for actions against newspapers by people who cannot afford to sue at her own expense.

The court gave Miss Linda Joyce, a former Royal maid, the right to sue Today newspaper for "malicious falsehood", rather than libel, over an article that accused her of

stealing intimate letters belonging to the Princess Royal.

The judges said it was "as plain as a pikestaff" that Miss Joyce had been libelled, but said she could not afford to sue at her own expense. While legal aid was not available for defamation cases, it could be obtained for an action for malicious falsehood.

Mr Mark Stephens, her solicitor, said: "The court has remedied a great social injustice. It has finally recognised that

poor people should have the right to clear their names if newspapers recklessly lie about them."

Miss Joyce of Stonehouse, Gloucestershire, who is currently unemployed, had been told it would cost £40,000 to commence libel proceedings. Palace maids earn about £5,000 a year. The court said it did not expect to see people who had been defamed "queueing up to issue writs for malicious falsehood" in future.

It is more difficult to prove

malicious falsehood than libel. Plaintiffs cannot recover damages for loss of reputation but only for proven financial loss or the real likelihood of financial loss. They must establish both that a statement was false and that it was published with malice or with reckless indifference to its truth or falsity.

The court rejected Today's argument that Miss Joyce's action should be struck out as an abuse of process. The newspaper argued that allowing her to proceed by way of malicious

falsehood denied it the defences available in libel actions and the "absolute right" to have the issue tried by a jury.

Sir Frank Rogers, chairman of the Newspaper Publishers Association, yesterday said the ruling was "potentially very dangerous for newspapers".

Mr David Newell, deputy director of the Newspaper Society, which represents local and regional newspapers, called for a comprehensive review of media law.

## Complex reopens after bombing

THE MAIN shopping centre at Milton Keynes was reopened in stages yesterday after more than 100 police and bomb disposal officers had worked through the night to deal with firebombs. John Thorhill writes.

Two of the bombs exploded in Habitat and BHS, causing only localised damage. Five others were defused and one was let off under controlled conditions.

The police condemned the attack as "horrible and callous" and called in the anti-terrorist branch. No one has yet claimed responsibility.

There have been similar incidents in recent months at shopping centres in Gateshead, Tyne and Wear, and Brent Cross, north London.

The IRA admitted responsibility for the attacks at the Gateshead MetroCentre in May and Brent Cross last December, saying that it wanted to increase the "economic cost of disruption".

## Company to buy village

TEXACO, the multinational petrochemicals company, has offered to buy a village after complaints from local residents about the drawbacks of living

next to a refinery.

The proposal, which may cost the company up to £2.5m to find new homes, has delighted the 100 residents of Rhoscrowther, Dyfed, which lies close to the company's refinery near Pembroke Dock.

A campaign was launched by the villagers against Texaco six months ago after a small explosion led to fears that the village could be destroyed if there was a catastrophe.

In spite of having spent about £50m promoting and advertising such schemes in July alone, the industry fears that this August sales will not exceed last August's 370,000 and will be far short of the record 530,000 achieved of August 1989.

According to Mr Heath of TKM, both the trade and the industry have no option but to tighten their belts, keep overheads tight and sit it out for a recovery - which, he notes in an ironic reference to government forecasts, "doesn't look like coming now until the fifth quarter of 1992".

Like Prof Rhys and Mr Neil Marshall, economist at the Retail Motor Industry Federation, he is stuck for suggestions on how the government might restore consumer confidence, short of sharp interest rate cuts and sterling's realignment within ERM, with all the attendant risks.

The infuriating thing, says Mr Marshall, is that "we know there is plenty of money about, and that the savings ratio is exceptionally high. What we have is a psychological problem. It's deeply disturbing for us and, with most economic indicators pointing in the wrong direction, we simply don't know when it's going to go away."

For those with the cash and the courage, however, there is one old motor trade "come-on" which has never been more true: there has never been a better time to buy a car.

ROAD EXPERTS working for the Transport Department are to investigate the claim that building new roads creates traffic growth that would not otherwise take place: the so-called M25 effect.

The idea gained credence when traffic growth on the M25 London orbital motorway, completed six years ago, far exceeded forecast levels. Opponents of the roadbuilding programme say the history of the M25 is evidence that government forecasts of road traffic growth are a self-fulfilling prophecy because the Transport Department uses them to justify building new roads.

The investigation is being carried out by the Standing Advisory Committee on Trunk Road Assessment (Sactra), an independent advisory committee. The department said yesterday the committee would study drivers' responses to road construction or improvement schemes.

## King's Cross plan advances

THE LONG planning battle over a £3bn scheme to redevelop land beside London's King's Cross Station has moved a step nearer resolution after a decision by planning officials to give conditional approval.

Next Thursday, Camden Council is expected to confirm the decision taken by its planning committee three days ago. Mr Phil Turner, joint deputy leader of the council, said the move was "good for Camden and the people of this borough because it is a further step along the road to bringing this huge area into use".

The London Regeneration Consortium, which has been pursuing planning consent for four years, welcomed the decision. Mr Gordon Graham, a consultant to the consortium, said: "We do not see any reason why in another six months or so we will not get an outline planning consent."

The consortium comprises Rosehaugh and Stanhope, two developers that have been badly affected by the property recession, and NFC, the freight company. To win approval, the developers have been required to reduce the proposed office space in the scheme by 615,000 sq ft to 5.25m sq ft.

Development will not be possible until London office rents recover significantly. Mr Graham said he did not expect the scheme to start before 1995-96.



Doubts registered: carmakers fear that the long-awaited revival in new car sales in August will prove elusive in spite of the arrival today of the new K-registration plates. Mr Ian McAllister, chairman of Ford of Britain, (above) fore-

casts new car sales of about 365,000 during this month, unchanged from last year's depressed level. "We could be looking at the third year of continuing decline," he said.

car retailing may continue through the year to clear unsold stocks.

Some motor trade executives like Mr Reg Heath, chief executive of TKM, which controls one of the UK's largest retailing networks, believes this bazaar atmosphere in

confidence indicate that the August car sales bulge will not be big enough to take up the stock of cars that UK-based manufacturers have built.

According to Prof Rhys, there is already an excess stock of 40,000 new cars scattered around the countryside.

The result is that the recent cut-price bazaar atmosphere in

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# Another traveller on an old road to ruin

After the Land Travel collapse, Michael Skapinker examines cost and credibility issues in the tour industry

**A**S police and liquidators sift through the records of the Land Travel coach company, which collapsed last week, one thing is certain: it will happen again. If not this summer or autumn, then next year or the year after.

As long ago as 1971, the British newspaper, *The Graphic*, observing the beginnings of package tourism, prophesied: "A time will come when vast numbers of the population will be carried enormous distances for ridiculous sums."

Today, the British buy 20m foreign holidays every year, many for sums so ridiculous that the companies offering them go out of business.

The system that delivers this service is inherently unstable, making periodic collapse inevitable. The cost of setting up as a tour operator is low and the temptation to cut prices is ever-present. The effects of war, epidemics and hurricanes drive some out of business. Fraud and foolishness account for some others.

Systems could be devised to ensure that travellers and would-be tourists do not lose their money, as an estimated 50,000 Land Travel customers have done.

Even under Mr Michael Heseltine, however, the Department of Trade and Industry is too averse to intervention to license all tour operators and ensure they are properly monitored.

Land Travel was not a member of the Association of British Travel Agents (Abta) or of any other organisation offering a money-back guarantee. The government says it will make it compulsory for companies like Land Travel to arrange guarantees for their customers in future. Companies taking customers by road and ferry will be able to subscribe to a reserve fund, along the lines of the existing fund for air passengers.

But belonging to the surface travel reserve fund will not be compulsory. Companies that remain outside the fund will have their customer guarantees monitored by trading standards officers rather than experienced travel organisations.

A campaign was launched by the villagers against Texaco six months ago after a small explosion led to fears that the village could be destroyed if there was a catastrophe.

In spite of a report from the Health and Safety Executive that there was no imminent danger, the villagers continued to press for a move.

Texaco said yesterday that as part of a "good neighbour" policy it was offering to buy the houses in Rhoosewater and to pay all moving and legal expenses.

**Company to buy village**

**TRACCO**, the international pharmaceuticals company, has agreed to buy a village after consultations from local residents about the drawbacks of living next to a refinery.

The proposal, which may see the company up to £25m to find new homes, has delighted the 100 residents of Rhoosewater, Tyfed, which lies close to the company's refinery near Penrhyn Ddu.

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**Study of 'M25 effect'**

**ROAD EXPERTS** working for the Transport Department are investigating the claim that building new roads creates traffic growth that would otherwise take place on existing roads.

The Abta-registered company was fined after several complaints to Westminster Council that prices charged were higher than those advertised.

In June, magistrates ordered Mr Christopher Panayiotou, director of Intertours, to pay £23,000 in compensation and costs for a variety of offences under consumer protection law.

Opponents of the road-building programme say the claims of the M25 evidence that job growth forecasts of road traffic growth are a self-fulfilling prophecy because the Transport Department uses them to justify building new roads.

The investigation is being carried out by the Standing Advisory Committee on Road Assessment (Sacra), an independent advisory committee. The department said yesterday the committee had "studied drivers' responses to road construction and implemented measures".

**King's Cross plan advances**

**THE LONG** planning battle over a £1bn scheme to redevelop land beside London King's Cross Station has moved a step nearer realisation after a decision by local officials to give planning permission.

Mr Alan Taylor, chairman of the London Region Consortium, which has been pushing planning consent for two years, welcomed the decision.

Mr Gordon Gidley, leader of the council, said: "It was good for the people of the area and the people of the city because it is a further step along the road to bring the area into use."

The London Region Consortium, which has been pushing planning consent for two years, welcomed the decision.

Mr Gidley said: "We do not see why in another year or so we will not get an outline consent."

The consortium consists of BAA, British Rail and Standard Chartered Bank.

Developers that have previously been affected by the recession, and NFC the property company, to win approval of the proposals have been joined by the National Council of

police and liquidators almost as much as those who fall victim to them. The travel business is concerned with management of two things: cash and confidence. Wreck confidence in the travel business or in a particular company and the cash will disappear; not only because the customer will no longer provide it, but because previously indulgent hoteliers, airlines and coach operators will come knocking at the door, demanding payment, either timely or envisaged.

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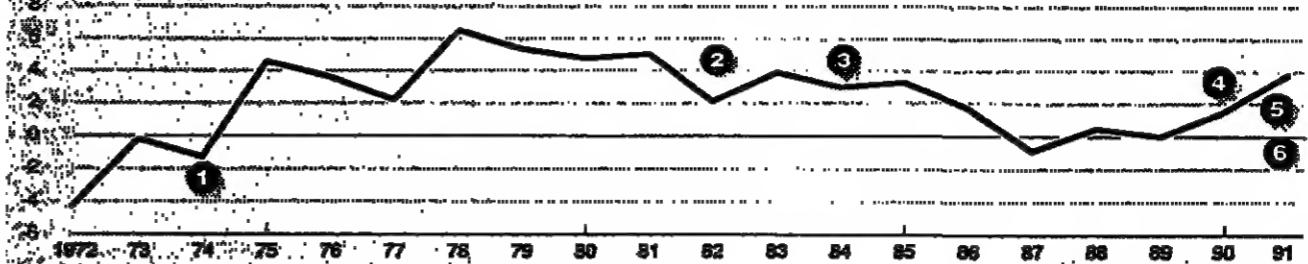


Valerie Tjolle, chairman of Colas Travel (above), and victim of an earlier company failure



Tour industry's bumpy ride to profitability

Performance of the top 50 travel companies as a percentage of turnover



Source: Civil Aviation Authority

Earlier travel collapses: (1) Court Line, August 1974 (2) Laker, February 1982 (3) Budget Holidays, October 1984

(4) Exchange Travel, September 1990 (5) Sun Living, February 1991 (6) International Leisure Group, March 1991

pay for airline seats and accommodation. Travel has traditionally been a good field for an under-capitalised entrepreneur.

Mr Peter Rothwell, marketing director of Luna Poly, the UK's largest chain of travel agents, points out that all a new tour operator needs is a computer reservation system and some telephones. If the operator can get a charter airline or coach company to allocate him some seats and can find the customers to fill them, he is in business.

British holidaymakers also show a growing preference for self-catering accommodation

rather than hotels. Tour operators generally pay for hotel beds only if used. Self-catering accommodation usually has to be paid for whether used or not.

Mr Rothwell believes that efforts to protect the holiday-maker could, in fact, make operator failure more likely.

Companies that belong to the reserve fund will know their customers are fully protected, he says, and that might encourage them to take even bigger business risks. The new trust fund, he adds, "could just be a bigger pot for people to go bust in".

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## FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL  
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Saturday August 1 1992

## Each-way bets in the markets

AUGUST SEEMS to have started a day or two early this year. It is traditionally the prime month for market theories and rumours, as traders try to drum up a little business in a sleepy season. This year there is enough alarmism before the month has even started to energise three normal summers.

Presidents Bush and Mitterrand, it is said, may resign rather than face their electors. The EMS, according to the polls, could be threatened when French voters are asked to endorse the Maastricht Treaty. And Mr John Major is seen by some as under such pressure from economic disappointment that his own immovable policy may crumble.

This is more than idle talk: prices have responded. Equity markets, despite a technical bounce from their July slide, are discounting a no-change recession; but bond markets, which had previously benefited from the sluggish outlook, have now fallen back to discount possible policy upheavals. Add in continued talk about a possible Japanese market melt-down, despite a belated relaxation of monetary policy, and no further explanation is needed for market nervousness.

### Political strain

The political strain reflects a feeling that governments in all the countries affected are virtually powerless in face of their problems and such a widespread malaise must be based on more than coincidence. There are three problems of the 1990s which go a good way to account for the syndrome. One is transitory; two are not.

The first is the oldest: the bursting of a financial bubble. These collapses have punctuated financial history for centuries; they look like the end of the world for a time, but they never are. Stock market investors in Tokyo, housebuyers in London and banks in New England must all doubt that it will ever be a glad, confident morning again; but after a time assets will look under-valued, lenders will believe that they have put the bad news behind them, and convalescence will begin. The economy tends to need nursing through this period of nervous prostration. Unfortunately, most of the countries which have suffered have governments which believe that any interference with market forces makes matters worse. While time is the only long-term cure, a tonic, as the Australian recovery suggests, might cut the time required.

Monetary policy can still be deployed, of course, by even the most ardently market-based regime; but this has been encountering a second problem. In an increasingly integrated world capital

market, monetary initiatives seem to have their most powerful effects outside the countries which make them. Germany mounts a squeeze against inflation; but before it has much effect, growth collapses in the rest of the EC. The Fed cuts interest rates to a 28-year low; Mexico booms, while the US remains stuck in a recovery "which does not look that different from what we now call recession", in the words that Sir Peter Walters of the Midland Bank used to describe British prospects.

### Intractable problems

These problems appear at times so intractable that the whole project of international integration looks like a mistake. Hence, for example, the hints in this country, from the new director general of the CBI and the chairman of ICI, to take the two most prestigious examples, suggest realignment, or even a return to independent floating, as preferable. Hence, too, the Bundesbank's evident distaste for having to include Italy's problems on its agenda, and the trouble President Bush has met in getting his North American Free Trade Area ratified. We can only hope that by 1993 we will have governments strong and inventive enough to resist disintegration.

Assuming that we can get through the next few months without a big accident, one problem will remain: the populations of all the advanced countries are ageing, especially in Japan and continental Europe, and their demands will impose a budgetary headache. Japan has planned for this for decades. It intends to live on foreign investment earnings. Britain, which has about the smallest long-term problem, has taken the biggest steps to reduce dependences on state funds, and to impose tight management on demand for those funds. British problems still look bad enough to keep long-term real interest rates high, even if German and French problems were not driving them higher.

Investors must strive to stay rational in face of these forbidding uncertainties. Reason says, for example, that house prices will not fall forever, though debt and repossession will overhang the worst affected areas for some time yet; and that interest rates, now that inflation has stopped in the US and Japan and is slowing sharply in Britain and Germany, are likelier to fall than to rise again. It is not rational to hope that the bull market will soon come roaring back again, but the worst of the correction in London and Tokyo (though perhaps not in Wall Street) may now be over. And remember that this is August, when there are 10 rumours for every real crisis.

**T**he battle for Britain's schools is about to begin. This week's education white paper marks the end of the phonies war between the government and local authorities. It signals the beginning of an all-out struggle for the hearts and minds of parents, who alone will decide whether their school should desert its local education authority and apply for grant-maintained status.

Although schools in England and Wales have now had three years in which to opt out, only a tiny number have done so - 278, or 1 per cent of the 25,000 schools in England and Wales. They are almost exclusively concentrated in the home counties, among grammar schools or high-achieving comprehensives. This is ironic, given that a principal objective of the policy was to free schools from town hall bureaucrats in left-wing councils. It is Tory Kent that heads the list, followed by Essex, Lincolnshire, Norfolk and Surrey. Liverpool and Lambeth, the ogres of Tory mythology, have a grand total of one grant-maintained school each. In the whole of Wales there are three grant-maintained schools.

Why opt out? Mr John Patten's white paper makes autonomy the key argument. "Autonomy is at the heart of the grant-maintained school idea", with governors of "self-governing schools" enjoying a "real sense of ownership". Grant-maintained schools get their budgets direct from Whitehall; how they spend them is their decision. Governors of GM schools can also apply to change the character of their schools, in defiance of the wishes of their local authority.

Local authorities and opponents of opting-out say the autonomy is a sham. Budget totals are fixed by Whitehall, and the new funding council to be established under the white paper will, they say, interfere just as much as local education authorities when it comes to matching supply and demand. As to the issue of selection, all schools are obliged to follow the detailed national curriculum, and for all the white paper's talk of "specialisation", ministers are evidently unenthusiastic about a wholesale return to the 11-plus exam.

**B**irmingham's moderate Labour leaders angrily reject Mr Patten's "kidnapping" allegation. There is no doubt that the city's education budget is currently £25m below the government's standard spending assessment. This has been the case for several years, with the gap between the assessment and the council's education budget once as high as £54m.

Birmingham's leaders deny, however, that the city is a low spender on education. They say that unlike most local authorities, many of their educational activities - further education, training services and libraries - are not run or financed by the education department, so comparisons between the education budget and the standard spending assessment convey a false impression. They claim that on total spending per pupil, Birmingham is ahead of the average for metropolitan authorities - £380 a year compared with £368.

Sir Richard Knowles, the council leader, says the city is this year adding an extra 111 teachers and assistants to its payroll, and that pupils' performance "beats favourable comparison" with other city authorities - the proportion gaining five or more GCSE passes at grades A-C increased from 18 to 24 per cent between 1988 and 1991. The argument between Mr Patten and Birmingham is, however, more than a discussion about definitions of local government expenditure. Mr Hammond is "sure it was no

coincidence that on the day of launching the white paper Mr Patten should have chosen to attack Birmingham on the standard spending assessment".

Members of Birmingham's opposition Conservative group have made similar points in the council chamber and - particularly since the poor physical condition of school buildings has been a big feature in several opt-out campaigns in the city - the prospect of extra funds for repairs could prove a powerful argument for the pro-GM lobby.

Birmingham city council resolutely opposes grant-maintained status. Against the three schools which have so far gone, attempts by

parents at two other secondary schools to leave the LEA have just been defeated in ballots. Some of the city's famous King Edward's grammar schools are expected to go grant-maintained before long.

The city council is actively campaigning to keep its schools, aiming to convince parents, says Sir Richard, of the "benefits for their schools and the communities they serve of staying in the local education authority family". Curriculum support, the music service, home support for children with long-term illness problems, replacements for staff on sick-leave and the council's environmental studies centres are all presented as advantages.

Almost the only thing they can influence is the revenue of their school for the immediate few years ahead. The main impact of that decision will be felt by the succeeding generation of children. Though, of course, by then the system may have changed again.

## MAN IN THE NEWS: Erich Honecker

## Ultimate apparatchik

**W**hen Erich Honecker raised a feeble clenched-fist salute as he left the Chilean embassy in Moscow this week, he showed the same sort of tottering truculence with which his own regime in East Germany had collapsed two years ago.

Yet even in the moment of his humiliation, the man who ruled the German Democratic Republic for more than 18 years seems incapable of arousing strong emotions among his people.

"So Erich's back?" came the typical response from a Leipzig worker. "So what? I don't need Honecker. I simply need a job again."

Mr Honecker was not just the leader of the country and its dogmatic Communist party, he was the very embodiment of the state: grey and grim, unimaginative and fundamentally indecisive. He was the ultimate apparatchik, who failed to turn his country into anything better than a pale, if more efficient, imitation of its Soviet master.

There is no burning desire for revenge on the streets of Berlin as the once almighty party secretary returns, but rather an exhausted bitterness at the unhappy mess he left behind.

There is a very angry and articulate minority of people who suffered deeply from his regime - thousands who lost family members shot dead at the Berlin Wall or the inner-German border (for which he is now being charged with manslaughter), or years of their lives in political detention and powerless dissidence. Most, however, would be happy to see him humiliated, without massive retribution. A not inconsiderable minority who served in the party and the rest of the state apparatus feel bitter and bewildered

that it is happening at all. If he is found guilty, and no doubt weeks of embarrassing and complex legal argument will come before that, the irony is that he would suffer far more severely under his own East German law than under that of the West: 10 years' sentence for manslaughter, instead of five if the western rule is followed.

Mr Honecker's rule was certainly harsh, and he was quite prepared to go along with his colleagues in issuing a shoot-to-kill instruction to border guards trying to catch would-be refugees to the west. At the same time he was always ready to bend his own rules in exchange for profitable deals with Bonn: accepting a DM1bn loan, for example, in exchange for removing thousands of automatic shrapnel weapons mounted along the border.

Doggedness, and a slavish adherence to the party line from Moscow, made him a perfect satrap for a Soviet-controlled state. He began life as a poor miner's son from Neunkirchen in the Saarland, and never allowed his audiences to forget it. Whenever he was shown round the standard shoddy East German apartment, he would compare it favourably with Saarland living conditions in the 1920s.

As a staunch Communist party member in the 1930s, he went to help build the Soviet steel town of Magnitogorsk, in the Urals. When questioned about the food shortages there, he said they "made no impression" on him: when he was a boy in the Saarland, the shops were full, but he had no money.

He returned to join the Communist underground in Nazi Germany, was transferred to Berlin, and there was arrested and sentenced to 10 years' imprisonment for "preparing high treason". He was held for 18



months in the very Moabit prison where he is currently in detention. After the war, he rapidly proved himself a staunch loyalist to Mr Walter Ulbricht, the first East German Communist leader, first by setting up his own Communist youth organisation, and then, as the politburo member responsible for the military and state security, by building the Berlin Wall.

He also met his second wife, Margaret, in the youth movement, where she was a pure version of the East German pin-up girl - always smiling at the forefront of the international solidarity photographs.

Even though the early Honecker years after he succeeded Ulbricht in 1971 were probably East Germany's most prosperous, the population never really forgave him for the Wall. They also never accepted his wife. She was known as "the witch", and generally regarded as the steel in the soul of the grey party bureaucrat she married.

There are probably more people

who would like to see her behind bars than him," according to one observer. The fact that she has now fled to Chile, leaving her husband alone to face the German courts, simply confirms her reputation.

As for Mr Honecker's trial, it is likely to prove embarrassing for all concerned, which is why the German government has always seemed half-hearted about wanting him back. It will be hard to make the manslaughter charges stick, at least under the East German law of the time, for Mr Honecker undoubtedly had huge powers of administrative fiat. He is also charged with abuse of trust, in relation to some DM15m in missing East German Treasury funds. But his real corruption was abuse of power.

The political embarrassment for Bonn is that everyone will be forcibly reminded how Mr Honecker was once quite blatantly courted by the politicians of the west.

His state visit to Bonn in 1987, to be entertained with full honours by Chancellor Helmut Kohl, was seen as a triumph for his twin-track policy: to deprive his own people of all contact with the west, while courting the West German political and financial elite. Politicians of all persuasions, including Chancellor Helmut Schmidt of the Social Democrats, and Mr Franz-Josef Strauss, the arch-conservative Bavarian leader, flocked to see him in Berlin.

Quite cynically, he earned billions of deutschmarks each year from western payments for services to isolated Berlin, the release of prisoners to the west, and for reunifying families. Ironically the latest revelations suggest that his own more dogmatic colleagues, like Mr Erich Mielke, the now former minister of state security, tried to get rid of him in the 1980s for excessive fraternising with the capitalist west.

All of that is likely to come out in court, to nobody's credit at all. Perhaps that will be the revenge of the grey man.

Leslie Colitt and Quentin Peel

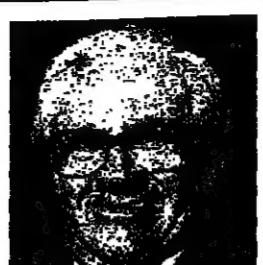
## Power to the parents

Andrew Adonis and Alan Pike look at the battle between central and local government over Britain's schools

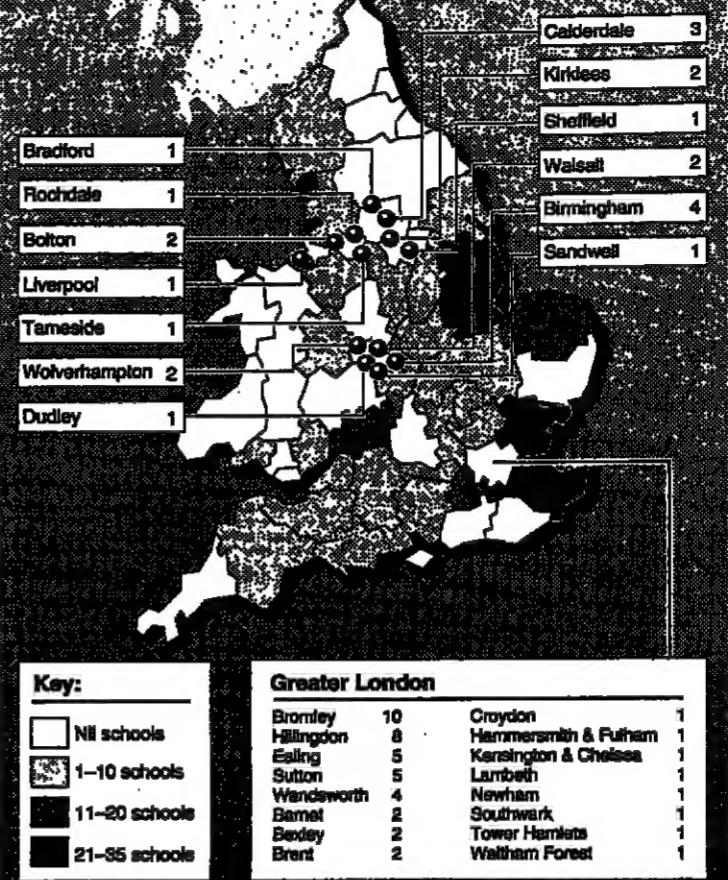
### England & Wales: where they are opting out

Total number of opted-out schools: 278

Total local authorities schools: 24,700



Sir Richard Knowles  
Leader of Birmingham City Council



coincidence that on the day of launching the white paper Mr Patten should have chosen to attack Birmingham on the standard spending assessment".

Members of Birmingham's opposition Conservative group have made similar points in the council chamber and - particularly since the poor physical condition of school buildings has been a big feature in several opt-out campaigns in the city - the prospect of extra funds for repairs could prove a powerful argument for the pro-GM lobby.

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Some of the non-educational benefits are summed up in a letter from one of the city's head teachers contained in recent education committee minutes. It thanks the council's engineers, insurance assessors and other specialists for their assistance after a fire at the school. "We all appreciate the help and support we are receiving," it concludes. "So much for opting out!"

The council has taken a carefully undogmatic tone in its approaches to parents, stressing that with the policy of local management, under which LEAs are obliged to hand most of their budgets direct to schools, head teachers "can and do have the best of both worlds" - delegated powers over finance and staffing while staying in the family.

Even if progress towards grant-maintained status remains slow in Birmingham, however, council officials expect that the government's proposed central funding agency will gain a foothold in the city's educational affairs within two years. This happens within an LEA's area when at least 10 per cent of an authority's pupils are in grant-maintained schools - a much easier threshold to reach than 10 per cent of the schools.

**M**r Hammond sees "some sound proposals" in the white paper, for example, its approach to the provision of education for children with special needs. "However, it condemns us to another five years or more of chaos during which there could be three education authorities in the city - the council, the funding agency and education associations put in to take over the management of particular schools." Education associations are the task forces which Mr Patten proposes to send into schools declared to be "at risk" by the schools inspectorate.

Mr Hammond regrets the extent to which the white paper seeks to rule out a direct role for local authorities over much of the future education agenda, at a moment when "other government departments are developing new ways of working with local authorities on policies like City Challenge and care in the community".

One of his deepest concerns is for the future of specialist services, some of which do not fall neatly into conventional budgets.

Mrs Virginia Bottomley, health secretary, last month launched her Health of the Nation strategy, which seeks to reduce teenage pregnancies, smoking, drinking and drug abuse among the young. Birmingham has an 18-strong health education unit in its education service which has won praise from the government and Midlands health authorities.

"The unit is doing some of the best schools health education work in the country. Do we believe that, in a completely fragmented system of grant-maintained schools, that work will continue in the same way? Do we really believe it?"

Parents may, of course, find themselves in an invidious position: keen to maintain city-wide bodies like the unit, but not in a position to influence the decision more than marginally one way or another by the particular school they take over their particular school.

Almost the only thing they can influence is the revenue of their school for the immediate few years ahead. The main impact of that decision will be felt by the succeeding generation of children. Though, of course, by then the system may have changed again.

## FINANCIAL TIMES MAGAZINES

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Finally the book

The staff at the Marks and Spencer store in St Albans grew suspicious when the thief, who had been in the shop for an unduly long time behind a pillar - out of sight of the closed-circuit television.

A store detective was dispatched to investigate and watched as a couple systematically picked clothes off the racks and fed them through the false floor of the prism into a large cardboard box beneath. The police were called. The couple were arrested.

Almost £1,500 of goods was found in the prism while a further £2,000 of clothes had been carefully stashed on racks in the couple's van outside. The police also discovered a long list of clothes in the van with their precise product codes and price points written beside them. Each item had been ticked off as it was stolen.

Mr Marc O'Conor, store manager, says four people were involved in this particular ring, which had raided many stores over several months. They went around public houses in a particular area, asking drinkers what goods they would like and then simply went out and stole them. "They were an organised team who were clearly stealing to order," he says.

This example of organised theft typifies the growing and costly threat posed by crime to UK retailers. Yesterday's fire-bomb attacks in Milton Keynes

revealed one horrifying dimension of the problem: eight fire bombs were planted in the town's shopping centre and while only two went off - in Habitat and BHS - the attack caused considerable disruption.

Violence is the most graphic aspect of the crisis facing retailers. But shopping, internal fraud, ram-raiding, extortion, kidnapping and wage thefts are also preoccupying them more than ever before.

The Home Office estimates that about £2bn a year is lost through shop theft alone - a figure considered very low by many retailers. But to put even that figure into context, it is about the same as the annual turnover of the W.H. Smith group, which has 1,100 stores.

Until recently, retailers were reluctant to discuss crime, fearing that to talk openly about it was somehow an admission of failure to resolve the difficulty. Others believed that publicity of individual cases would fuel copy-cat attacks. But the scale of the problem is now so great that the retail trade associations are increasingly speaking out and pressing the government for solutions.

Individual industry leaders are also adding to the pressure. Last month, for example, Sir Richard Greenbury, chairman of Marks and Spencer, told shareholders that the company



Shop scares: police outside a Milton Keynes shop where a bomb ignited on Thursday

had increased its security budget from £15m to £21m in the past year. He went on to criticise the lenient sentencing policy of many courts.

"There is not a day that goes by when we have a store that is closed by a bomb threat or a week that goes by without violence in our stores. We have had armed hold-ups at the

back of our stores. We have had staff held up with 12-bore shotguns," he said.

Last year, M and S recorded a 23 per cent increase in violent "incidents" over 1990. The company arrested 15,000 shoplifters - almost 50 for every day its stores opened.

Mr Derek Hayes, the divisional director responsible for

few years as a result of ram-raiding where cars are driven at high speed through the windows or doors of stores and occupants make off with looted goods.

Mr Stanley Kalms, Dixons' chairman, says: "Ram-raiding has become part of the local criminal culture. A rate of passage. Have you done the Currys or the Dixons this week?" they ask.

One of Dixons' stores in Birkhead, on Mersyside, has been the subject of 14 criminal attacks over the past year. And although a host of defensive devices - such as metal shutters, bollards and car traps - has largely negated the threat of ram-raiding, alternative methods of forcing entry are now being employed.

Security guards, closed-circuit televisions, bullet-proof glass and panic buttons for shop assistants have become part of the fixtures and fittings of a modern retail outlet. Increasingly, high-tech solutions are being sought.

Dixons, for example, has spent millions of pounds installing a security system which links 500 of its trading sites into one central monitoring room based in a secret location.

Security guards, closed-circuit televisions, bullet-proof glass and panic buttons for shop assistants have become part of the fixtures and fittings of a modern retail outlet. Increasingly, high-tech solutions are being sought.

Mr Tony Whitmarsh, chairman of the British Retail Consortium security committee, fears that tackling crime in one sector of the high street will only push it into another.

He believes that the big companies which can afford to install counter-measures "will drive the problem down to the smaller retailers, which are now being employed.

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But one solution the retail trade agrees upon is that sentencing of offenders should be more rigorous and consistent. There is nothing more frustrating, they say, than to appre-

ciation in Hertfordshire. From this one room, security guards are able to monitor its sites by way of video cameras.

The police argue that counter-measures to combat crime are unlikely to prevent it altogether. Such measures are more likely to lead to attacks on less well-protected stores or to an escalation of violence.

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though some parts of the group were already facing difficulties. SAI, for instance, has been exposed to underwriting losses while earnings at Grassetto, Premafin's construction subsidiary, have also fallen because of recession and tougher competition abroad. The scandal has aggravated the business outlook by putting a brake on new public-sector contracts. Orders could fall further given the prospect of severe public spending cuts as part of the government's plans to reduce the budget deficit.

Even property development has been suffering. Real estate prices in Milan have fallen sharply since the late 1980s. Office rentals have also slipped. Many of Mr Ligresti's developments are vulnerable as they are in outlying areas, often poorly served by public transport.

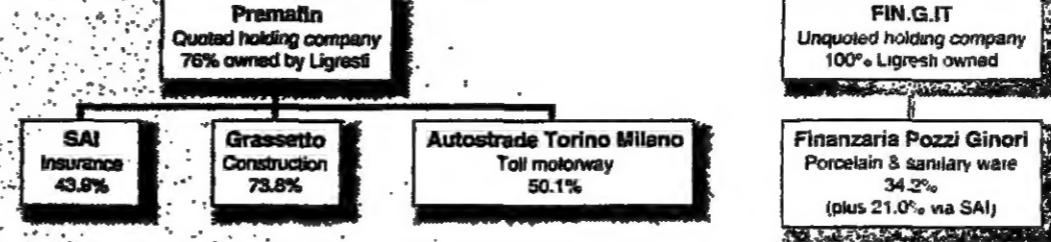
No one is suggesting that Mr Ligresti's empire is about to topple.

He may bounce back. But bankers believe it will take time and even Mr Cuccia's patronage may not be enough to stop some of Mr Ligresti's boardroom buddies distancing themselves from their Sicilian colleague, no matter how great his financial muscle.

## The Italian connection

Haig Simonian on a business and political scandal

### Ligresti group: a network of alliances



**A**s he faces his second weekend in Milan's decrepit San Vittore jail, Mr Salvatore Ligresti, the 68-year-old Sicilian-born property magnate who is one of the richest men in Italy, may reflect ruefully on his path to the top.

Mr Ligresti is the most prominent figure to have been arrested in the growing political scandal in northern Italy, which has so far caught over 70 party functionaries. His Premafin holding company has built a string of almost identical glass-clad office towers.

Premafin, 78 per cent owned by Mr Ligresti, controls four quoted companies in insurance, construction, toll motorways and porcelain and sanitary ware. The most important is SAI, one of Italy's biggest insurers with annual premiums of more than £2,300m. The company has enabled Mr Ligresti to break out of his role as a property baron and become a lightning of Italian finance. SAI's investments in blue-chip companies such as Cofide, Prelli and Italimpianti, the holding companies for the De Benedetti, Prelli and Pessina families, gave him the key to the "salotto buono", the good drawing room, of Italy's industrial aristocracy. In most

cases, those shareholdings provided a seat on the board.

SAI is also the best-known of Mr Ligresti's operations abroad and has built links with European insurance groups and institutional investors. Friends' Provident of the UK now owns 4.3 per cent of Premafin and almost 2 per cent of SAI, while Group des Assurances Nationales of France (GAN) has 10 per

cent of SAI.

SAI's real gem is its 2 per cent stake in Mediobanca which is at the centre of a complex network of cross-shareholdings between many of Italy's best-known private-sector companies.

The relationship between Mr Ligresti and Mr Cuccia, a fellow Sicilian, goes back at least to the mid-1980s when Mr Ligresti used

his good offices with Mr Craxi, then prime minister, to smooth Mr Cuccia's plans for the part-privatisation of Mediobanca.

Since Mediobanca managed the flotation of Premafin in 1989, the links between Mr Ligresti and Mr Cuccia have tightened.

One of the most striking examples of their co-operation came

with the revelation that Mr Ligresti

had bought 5 per cent of Continental, the German tyres group which Pirelli, advised by Mediobanca, tried unsuccessfully to acquire in a protracted bid battle last year.

Such high-level patronage has earned Mr Ligresti both envy and enemies. The son of a shopkeeper from a village near Catania, he virtually rags-to-riches story triggers gossip from the snobbish Milanese.

Mr Ligresti first crossed swords with the city's magistrates in a scandal over land sales to the council in the mid-1980s. The affair prompted the resignation as mayor of Mr Carlo Tognoli, one of the most prominent politicians now under investigation as part of the umbrella Milan investigations into fraud and corruption. Subsequent arrests involved allegations of planning violations at new office developments. In each case, Mr Ligresti was acquitted.

Mr Ligresti's latest problems are likely to prove more serious than those in the past because the scope of the current investigations is much wider and the position of the main political parties is weaker.

Shares in all Mr Ligresti's companies have plunged since his arrest,

## LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

### Education in wealth creation

From Mr Denis E Filer.

Sir, Once again, some of Britain's industrialists cry "devaluation" ("Business chiefs join call for devaluation of sterling", July 31). I do not believe this would solve Britain's economic difficulties. Way back in 1981, when the pound was worth nearly two D-Mark more than it is today, my company won the first top merchant to win the Queen's Award for Export. We had succeeded in selling English hops to a number of foreign countries which have continued to import them ever since - irrespective of currency parities.

Mind you, we did it through sheer hard work, and we didn't pay ourselves huge salaries... If the Germans can export with a rock-hard currency, why shouldn't we? British?

R M J Kenber,  
Lapworth,  
Alexandra House,  
138 Alexandra Road,  
Wimbledon SW19 2JX

From Mr Matthew Brodrick.

Sir, Those calling for a sterling devaluation, in the hope of allowing domestic interest rates to fall, are surely overlooking the consequences for the UK's balance of payments, and the short- and long-term effects on British exports.

In the short term, a sterling devaluation will have the effect of reducing export earnings - foreign demand for British goods will not suddenly jump

### No mention of the unemployed

From Mr John R Wiltshire.

Sir, Samuel Brittan's article, "Devaluation is no answer, and 'siren voices' must be resisted"

one of the most vociferous advocates.

Clearly he has no idea how ordinary people are feeling in the depths of this unpleasant recession.

John R Wiltshire,  
193 Burnt Oak Lane,  
Sudbury,  
Kensal DA15 9EW

From Mr Simon Weil.

Sir, David Neckar (Letters, July 30) makes half a point when he asserts that American asbestos and environmental pollution claims are eating away at the foundations of the Lloyd's market. But to with-

### No better than a pint

From Mr Richard C M Bryant.

Nigel Andrews' article on Burgundy ("Burgundy, only the real thing will do", July 25) was delicious and most welcome, but how can we propose that *beaujolais à la Bourguignonne* should be washed down with "...a good bottle of St Emilion".

What of Pommard? What of

Morgon, Corton, Vosne Romanée, Richebourg?

Mr Andrews might as well propose a pint of mild with jellied eels.

Richard C M Bryant,  
34 Hannell Road,  
Fulham, London SW6 2HS

draw from America: is to stick one's head in the sand.

There is nothing peculiar to America (nor, for that matter, Lloyds') about these claims. It is merely that they hit America earlier than they do here because the legislation was brought in earlier in America.

Worldwide, the environmental movement is riding a high tide of public opinion. It is not responsible to anything other than its own agenda. It pays no attention to the costs of its own campaigns. One of these may be a viable insurance industry.

It is about time people woke up to the fact that environmentalism is not a free lunch.

Simon Weil,

33 Ramroch Road,

Hammersmith,  
London W6 9SS

From Messrs William S. Harbison and Mark Lomas.

Sir, We have some major concerns about some of the points made in David Barchar's article "Beating the cardsharks" (Credit and charge cards survey, July 15).

The Home Office proposal to place photographs on credit cards may help to reduce the impact of opportunist thefts.

However, a card can have the correct photograph but a forged magnetic stripe. A cashier, put at ease by the correct photograph and signature, would be less likely to notice the forger than at present.

The use of photographs could encourage an increase in

the number of certain well-documented instances of card fraud where this has not been the case. From research undertaken at the computer laboratory in Cambridge we know of a number of serious frauds perpetrated using traditional magnetic-stripe cards.

By far the most potentially damaging to the image of the whole system, and to the trust that card users place in it and the financial institutions running it, are those that occur at check-out; and therefore seeming to give a considerable boost to just such criminal activities as the measure is intended to combat.

We are also aware of a number of other mechanisms that

are used to part the unwary from their PINs - including the use of counterfeit point-of-sale (POS) equipment to gather both PINs and account details.

We strongly believe that to encourage card-holders to divulge their PINs in even more public places and on even more occasions than before, is a retrograde step in the efforts to combat card fraud and to protect the many millions of card-holders.

William S. Harbison and Mark Lomas,

University of Cambridge  
Computer Laboratory,  
New Museum Site,  
Pembroke Street,  
Cambridge CB3 3QG

### Retrograde step for credit card holders to divulge PIN to confirm their identity

From Messrs William S.

Harbison and Mark Lomas.

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## COMPANY NEWS: UK

**Lloyds Bank 11% higher at £369m**

By David Barchard

LLOYD'S BANK, the smallest of the Big Four UK clearing banks by asset size, yesterday reported an 11 per cent rise in its pre-tax profits during the first half of the year.

However, the improvement chiefly reflected lower provisions against bad debts and the release of £72m of provisions of problem country debt.

Pre-tax profits for the half year to June 30 were £268m, up from £231m a year ago. The total bad debt charge was £38m, down from £42m. Total assets were down from £54.17bn a year ago to £54.39bn.

Sir Jeremy Morse, Lloyds' chairman, said that though there had been tight control of costs, the trading side had not been good because of the continuing recession in the UK economy.

Lloyds Abbey Life was the group's most profitable business, contributing £142m (£150m) pre-tax, followed by its problem country debt operation which made a pre-tax profit of £36m (£1m) including release of the £2m provision.

Corporate banking contributed £60m, up from £18m a year ago, with provisions down from £22m to £4m. The provisions were the lowest figure for the past five half years.

UK retail banking, usually regarded as the activity in which Lloyds outshines its competitors, made pre-tax profits of £11m, down from £56m a

year ago, after bad debt provisions of £268m, mostly against losses on loans to small and medium sized businesses. Personal customer business is said to be improving.

Private banking made profits of £3m, up from £3m, and profits from international banking rose from £3m a year ago to £7m.

Lloyd's Merchant Bank slipped into a loss of £14m, down from a £3m profit last time after provisions of £12m against investments by Lloyds Development Capital. However, investment managing and stockbroking are said to be doing well.

Net interest income declined from £1.6bn to £1.07bn. Other operating income was slightly up at £315m (£300m) including £160m in UK current account fees and £254m (£222m) in other UK fees and commissions. Credit card income was flat at £36m (£36m).

Lloyds' unsuccessful bid for Midland Bank cost £4m.

The group's net interest margin narrowed to 4.4 per cent from 4.9 per cent. In the UK the net interest margin was 5 per cent, down from 5.3 per cent.

Group operating costs were slightly down at £1.18bn (£1.28bn), producing an improvement in the cost-income ratio which fell to 63 per cent from 63.7 per cent a year ago.

The total number of employees working for the group fell 10.2 per cent, up from 9.2 per cent and the tier 1 capital at 6.7



Sir Jeremy Morse: trading side had been affected by continuing recession in the UK

at the end of June.

Lloyds' capital ratios are

stronger than they were a year ago with its risk asset ratio at 50 per cent it did not already do so.

Seltra, the Paris-based truck

contract hire company.

The share of profits from

associates at £10.8m (£900,000)

outstripped Lex's own operating

profits at £8.8m (£13.8m).

The company said that this

would change once the period of transition was past.

Arrow Electronics of the US,

to which Lex sold its North

American electronics components

businesses for 6.9m

in September 1991, contributed £4.6m to Lex's associates' total.

Lex was selling its stakes

"in a controlled way". It has

already made £1.5m, taken

as an extraordinary profit. The

proceeds of the Arrow disposal,

the company said, would be

reinvested in Lex's core distribution and leasing sides.

Some 24.7m of the associates' contribution came from the car and truck leasing companies, jointly owned with Lombard North Central, with cars chipping in profits of £3m (losses £3.5m).

Turnover from continuing businesses rose £3m to £234m giving trading profits of £8m (£5.5m). Trading profits from discontinued activities were £7m (£13m).

The company said that "there were the weakest signs of recovery" in the new car market. Thanks to the one month of sales from Swan National, Lex lifted its market share, selling 14,000 cars. Operating profits in Lex Retail were £5.5m, "slightly higher" than last time.

Earnings grew to 10.5p (1.5p) per share and the interim dividend is held at 4p.

See Lex

## DIVIDENDS ANNOUNCED

Current payment	Date of payment	Corres - pending dividend	Total for year	Total last year
Enterprise Corp —fin	nill	-	1.5	1.287 2.5
Forminster —fin	8.75	Sept 23	12.531	11.75
Lex Service —int	4	Sept 8	4	10
Lloyds Bank —int	5.9	Oct 15	5.4	16.7
OMI —fin	1	Oct 30	3.48	1.75 5.21
Worthing Grp —fin	1.1	Oct	0.75	1.4 0.75

Dividends shown per share net except where otherwise stated.

10m increased capital. USM stock. £For 15 months.

## NEWS DIGEST

**Abbey Panels £1m in the red**

LOSSES at Abbey Panels Investments, an engineer to the motor, aerospace and defence industries, widened from £110,000 to £1.1m pre-tax for the half year ended March 31.

Sales tumbled from £10.38m to £5.5m and losses per share worked through at 49.8p (13.2p).

The directors pointed to their last statement, which indicated that the downward trend in the company's trading results would continue.

They said: "This has certainly been the case. The results speak for themselves. The recessionary effect of work cut-back and slashed margins have had a devastating effect."

They added that the introduction of a new product line had added to the problem.

Meanwhile, they would "continuously watch all outgoings and costs" and act to minimise them where necessary. They did not see any signs of improvement, "certainly during the rest of 1992."

The company said that sales had been satisfactory in view of the second half having started poorly.

Earnings per share were 46.7p (48.16p).

A proposed final dividend of 8.75p makes a raised total of 12.53p (11.75p).

**Forminster declines to £2.11m**

Forminster, the clothing manufacturer, reported pre-tax profits down from £2.24m to £2.11m in the year to April 30. Turnover was £22m, against £22.2m.

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started poorly.

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**Mowat sells Norfolk Broads fleet for £4m**

Mowat, the USM-quoted maker of timber pallets and precision engineering components, announced pre-tax profits of £138.971 for the year to March 31 compared with losses of £236.649 previously.

However, although the pallet division achieved profits of £47.610 pre-tax, engineering activities incurred losses of £35.629 and that division has been closed. Mr John Adams, the chairman, said the diversification into engineering at the end of the eighties had "proved to be a costly failure".

Paramount was sold to its management in January 1992 and Green Pennant was closed in June 1992.

Mr Adams said all costs of withdrawing from engineering had been taken as an extra-

**OMI incurs £2.7m loss and shares fall**

By Andrew Bolger

SHARES of OMI International fell 5p to 12p yesterday after the design, instrumentation, and electro-optics group announced heavy losses and the sale of businesses.

OMI, formerly called Optical and Medical International, made pre-tax losses of £2.68m in the year to March 31, compared with profits of £2.45m last time. Turnover was £51.21m (£53.45m).

The group has agreed to sell its aerospace and general design businesses and the staff placement agency business, OTS Services, to Hebron & Medlock (Holdings), a private company. The deal will bring

a final dividend of 8p, giving a total for the year of 1.75p (5.21p).

Losses per share of 6.4p compared with a profit of 3.4p last time. At the year-end, OMI had net cash of £478,000, which will be boosted by the proceeds of the disposals. In view of the strength of the balance sheet, the board recommended a final dividend of 8p, giving a total for the year of 1.75p (5.21p).

**Ratners delays results**

By Andrew Bolger

RATNERS GROUP, the troubled jewellery chain, has delayed publication of its annual report and accounts for the year to February 3 while it concludes refinancing talks with its bankers.

The outcome of the talks does not appear to be in doubt since Ratners yesterday said it would pay its convertible bondholders the £5.5m they are owed on October 30.

The group said it was at an advanced stage in finalising negotiations with its lenders to continue their existing facilities and that it expected those negotiations to be concluded shortly.

The accounts would be published as soon as practicable.

Ratners has already said it plans to make extraordinary provisions of nearly £100m in these results to cover rationalisation.

The shares, which have collapsed from a peak last year of 189p, yesterday closed unchanged at 9p.

**Brammer in £7m French purchase**

FORMINSTER DECLINES TO £2.11M

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**Kalon gets go ahead to bid for Manders**

TRILLION LOSSES DOUBLE TO £1.5M

TRILLION, the USM-quoted television production company, reported pre-tax losses almost doubled at £1.24m in the six months to March 31, compared with £678,000.

The company blamed the tough market faced by its facilities at the Tivoliwood in London for the deterioration.

Turnover declined to £7.17m (£8.15m). Interest costs rose from £55,000 to £134,000. Losses per share rose from 1.3p to 2.5p.

**Barker buy-outs defended**

BY ANDREW JACK AND GARY MEAD

THE RECEIVERS TO Charles Barker, the world's oldest public relations firm, yesterday defended criticism from creditors at the speed at which two management buy-outs were announced, only hours after the collapse on Thursday of Corporate Communications, Charles Barker's parent company.

Mr Ian Bond, a partner with the accountancy firm Cork Gully, which was appointed as receiver, said yesterday that great speed was essential in the sale of a "people business" to ensure that clients and employees did not quit.

Charles Barker said that the board of Corporate Communications passed a resolution on

**O'Reilly takes 1.3% stake in Mirror Gp Newspapers**

By Raymond Snoddy

MR TONY O'REILLY, former Ireland rugby international and the head of Heinz the US food group has given the most tangible evidence so far of an interest in Mirror Group Newspapers.

Since the re-listing of MGN shares earlier this month Independent Newspapers in Dublin, the newspaper group, of which Mr O'Reilly is chairman, has bought a little more than 5m shares or 1.3 per cent.

Franklin specialises in fixed-income retail products and the merger will form the largest independent fund management company in the US.

The shares were probably bought at an average price of about 50p following the opening of the re-listed shares at 50p. The MGN shares have climbed gradually since and closed yesterday at 71p, an increase of 2p on the day.

MGN management found out about Mr O'Reilly's modest stake building by submitting 212 disclosure forms to find out who was buying the shares.

The Independent Newspapers stake was the only one to be revealed that suggested that potential purchasers of the popular newspaper group might be buying.

The rest of the activity in the shares came from stockbrokers and involved relatively small stakes.

Mr O'Reilly has made no secret of his interest in MGN which includes the Daily and Sunday Mirror, The People and the Scottish Daily Record and Sunday Mail.

A 1.3 per cent stake is however little more than symbolic.

More than 54 per cent of the company is under the effective control of Arthur Andersen, the administrators to the private Maxwell interests.

All the signs are that the administrators intend to hold on to the stake until the share price returns much closer to the flotation price of 125p.

**\$913m agreed bid for Templeton, Galbraith**

By Norma Cohen, Investments Correspondent

TEMPLETON, Galbraith Hansberger, the London-listed and Bahamas-based international fund management company, is being acquired by Franklin Resources Incorporated, the California-based fund manager in an agreed deal valued at \$913m (£478m).

Franklin specialises in fixed-income retail products and the merger will form the largest independent fund management company in the US.

The merger is widely viewed as a bellwether for the mutual fund industry which is facing increasing competition in a mature market. Selling expenses are rising and industry analysts are taking the view that further consolidation within the industry is likely.

"Fund managers will need to have more money under management in order to cover costs," said Mr Patrick Dougan, partner at Cazenove which acted as adviser on the transaction.

The deal is expected to give Templeton access to greater

**ECONOMIC DIARY**

**TODAY:** Mr Jean-Marie Le Pen, a leader of the extreme right wing in France, kicks off anti-Maastricht campaign in Menton. Cowes week opens.

**TOMORROW:** Croatian parliamentary/presidential election.

**MONDAY:** US NAPM (July); construction expenditures (June). General strike by congress of South African trade unions to press government to speed up democracy reforms. Mr Boris Yeltsin, Russian president, visits Bulgaria. Interim results from Abbey National.

**TUESDAY:** The Department of the Environment gives figures for housing starts and completions (June), HM Treasury announces oil official reserves (July). Four defence ministers (Britain, Spain, Germany and Italy) meet in Madrid to discuss European Fighter Aircraft. Strike threatened by BA unions. TI Group and National Westminster Bank publish interim figures.

**WEDNESDAY:** Central Statistical Office issues statistics for overseas travel and tourism (May) and cyclical indicators for the UK economy (July-first estimate). Department of Trade and Industry publishes advance energy statistics (June). The US Senate finance committee holds third and final hearing in Washington on the state of US trade policy and the merits of pending trade legislation. Racal Electronics annual meeting.

**THURSDAY:** The Department of Employment gives details of employment, unemployment, earnings, prices and other indicators. International conference on high energy physics with 1,400 prominent physicists from 69 countries meeting in Dallas (until August 12). Interim results from BOC Group, Barclays Bank, British Petroleum, Royal Dutch Petroleum and Shell Transport & Trading.

**FRIDAY:** Central Statistical Office issues balance of payments advance annual estimates (1991). Insolvency statistics (second quarter) from the Association of British Chambers of Commerce.

**FT-ACTUARIES SHARE INDICES**

The Financial Times Ltd 1992. Compiled by the Financial Times Ltd in conjunction with the Institute of Actuaries and the Faculty of Actuaries

**EQUITY GROUPS****& SUB-SECTIONS**

Figures in parentheses show number of stocks per section

**Index No.** **Day's Change %** **Est. Exports Yield %** **Gross Yield %** **Est. Div. Ratio** **ad. adj. to date** **Index No.** **Index No.** **Index No.** **Index No.**

**Friday July 31 1992**

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## INTERNATIONAL COMPANIES AND FINANCE

# McDonnell Douglas earnings dive

By Martin Dickson  
in New York

**MCDONNELL DOUGLAS**, the financially stretched US aerospace group, yesterday reported a 51 per cent drop in second-quarter earnings, higher-than-expected costs on an important airliner production programme and a reversal of its recent success in lowering its debt-to-equity ratio.

The news sent its share price sharply lower and the stock was trading at \$384, down \$3.75, at lunchtime on the New York Stock Exchange.

Mr John McDonnell, the chairman, warned workers that in the coming months the group would be taking "further steps to improve our competitiveness".

The group reported earnings of \$88m, or \$1 a share, com-

pared with \$77m, or \$2.01 in the same quarter of last year, on revenues which dipped slightly to \$4.89bn.

All its three manufacturing segments suffered lower earnings, but the company said the main cause of the drop was higher research and development spending, principally for its proposed MD-12 jumbo jet.

McDonnell Douglas cannot afford to develop this aircraft alone and has been seeking foreign financial partners, principally Taiwan Aerospace, but so far without success.

The company also reported that costs on the MD-11, a wide-bodied aircraft which it began delivering just under two years ago, had not declined as rapidly as planned.

The company had therefore raised its cost estimate for the total programme and reduced

the rate at which it was reporting earnings. McDonnell Douglas' debt-to-equity ratio in its aerospace operations, which the company cut to .68 at the end of last year, went up to .78 at the end of June, as debt rose from \$3.39bn to \$3.84bn.

It said this was due primarily to lower bookings for commercial aircraft, higher funding requirements for the controversial C-17 military transport it is developing for the Pentagon, and deferred vendor payments.

Its commercial aircraft business had operating earnings of \$20m on revenues of \$2.15bn, compared with \$35m on revenues of \$1.8bn a year ago. R&D spending rose \$25m.

The MD-11 programme incurred a small operating loss, while McDonnell's other civil aviation programme, the

MD80/90, achieved higher operating earnings thanks to improved margins. Its military aircraft side earned \$66m, down from \$106m.

Most of the drop was attributed to a \$34m pre-tax charge for increased costs and higher reserves on the C-17 programme, which is well over its fixed price contract level.

Revenues dropped 19 per cent to \$1.74bn, mainly because of completion of the C-17's development phase.

The group's firm backlog of orders stood at \$26.4bn at the end of June, down from \$30.4bn at the end of December and \$33.1bn a year ago.

For the six months it earned \$90m, or \$2.34 a share, down from \$135m, or \$3.51 a share, on revenues of \$9.04bn, down from \$9.2bn.

## Charge for job cuts brings loss at Aetna

By Nikki Tak in New York

A SHARPER-than-expected deterioration in property-related investments contributed to a second-quarter loss of \$20.1m after tax at Aetna Life & Casualty, one of the largest US composite insurers.

The result compares with a \$159.5m profit in the same period of 1991, and leaves Aetna with a net profit of \$187.1m for the first six months of 1992, against \$296.9m in the previous year. Its shares fell 1% to 43% before the close yesterday.

The loss is struck after a \$145m charge to cover job cuts and restructuring moves, which Aetna announced last month. The insurer is aiming to cut staff by 4,800 – about 10 per cent of its workforce. It claims this should lead to annual after-tax savings of around \$132m by 1994.

Net realised capital losses in the second quarter totalled \$41m, against a loss of \$12m a year earlier.

However, within this overall figure, additions to reserves for troubled mortgage loans and property write-downs were \$105m (\$78m), partly offsetting this damage were gains of \$76m (\$71m), largely from sales of bonds and shares.

"We saw more deterioration than we expected in our mortgage loan portfolio during our normal review process," admitted Mr Ronald Compton, chairman. "Most of the deterioration was in the commercial office sector in New England, California and New York City."

"We adjusted our reserves accordingly and we cannot currently estimate the full-year impact real estate will have on our earnings."

The second-quarter figures were also struck after a \$30m charge related to an Olympia & York financial guarantee – of which Aetna had also previously warned.

In terms of operating divisions, the biggest loss (after reorganisation charges and investment losses) was seen in the commercial property-casualty business – a \$37.4m deficit compared with a \$43.1m profit a year earlier.

The personal property-casualty division turned in \$21.2m deficit (against a loss of \$2.1m), while financial services made a loss of \$25.2m (\$35.2m loss).

The life and health business made a profit of \$31m (\$87.5m), and discontinued operations – the American Re-Insurance subsidiary which Aetna is selling to a Kourberg, Kravis Roberts-backed buyout – made \$30.9m (\$33.8m).

# Du Pont plans to reshape its electronics division

By Alan Friedman  
in New York

**DU PONT**, the leading US chemicals group that is embarked upon a series of restructuring projects, yesterday unveiled plans to reorganise its electronics division.

Effective from today, Du Pont will transfer its polyester and high performance films businesses from the electronics division to the Du Pont imaging systems and medical products organisation.

The films business has annual revenues of about \$550m, which means Du Pont's electronics division – which last year had about \$1.6bn of

revenues – will be left with less than \$1.3bn of annual turnover.

About 100 voluntary redundancies will be sought as a result of the move; the electronics division at present employs about 8,000.

Mr Edgar Woolard, the Du Pont chairman, said that on November 1 management responsibility for the remaining electronics businesses will be transferred from the US to Japan.

Mr Chad Holliday, president of Du Pont's Asia Pacific operations, will take over with responsibility for the printed circuit materials, microcircuit materials and semiconductor

materials businesses in addition to his present activities.

Du Pont will, meanwhile, proceed with the planned divestiture of the electronics division's connectors business, which is expected to take place by the year-end.

The connectors business, which employs about 3,000, has annual revenues of about \$450m, meaning that the electronics division will have total sales of about \$900m.

Mr Woolard said the electronics plan was aimed at strengthening the group's position as a materials supplier to the worldwide electronics industry.

# Elkem, BHP in manganese pact

By Karen Fossli in Oslo

THE COMPANY purchased an estimated 500,000 tonnes of manganese ore. He added that although the deal with BHP will meet the bulk of Elkem's manganese ore demand, the company will still need to buy ore from South Africa.

The final agreement will form an alliance in the manganese market which few can match in quality, size and competitive power. Elkem maintained.

In the long-term, it will offer the potential for greater earnings for the two companies.

Since 1986, manganese ore prices have tripled to more than \$175 a tonne. Elkem's manganese alloy plants, and a plant in the US.

Elkem owns and operates a manganese ore mine in Groote Eylandt, Australia.

Mr Bjorn Segrov, an Elkem executive, said that last year

the company purchased a 49 per cent stake in two of Elkem's domestic manganese alloy plants.

The transactions will be completed without financial compensation. Elkem said. It added a final agreement should be signed in the autumn. The deal also calls for GEMCO to supply manganese ore to Elkem's two domestic manganese alloy plants, and a plant in the US.

GEMCO owns and operates a manganese ore mine in Groote Eylandt, Australia.

The agreement, subject to

government approval, calls for Elkem to acquire a 49 per cent stake in a newly established subsidiary of BHP's unit, GEMCO, a manganese ore supplier.

In return, BHP will take a 49 per cent stake in two of Elkem's domestic manganese alloy plants.

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Elkem is one of the world's leading manganese alloy producers and BHP one of the world's leading suppliers of manganese ore.

The agreement, subject to

# Westpac sees A\$300m provision for bad debts

By Bruce Jacques in Sydney

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## FOREIGN EXCHANGES

## Increasing gloom over sterling

STERLING lost ground yesterday as the market became increasingly gloomy about the prospects for the UK economy, writes James Blitz.

Several dealers said that the market had been badly affected by comments from several leading British businessmen, including the chief executive of Midland Bank and the Chairman of ICI, that a realignment of the Exchange Rate Mechanism (ERM) was needed if the government was to take control of the economy.

Yesterday, Mr Robin Leigh Pemberton, the Bank of England Governor, tried to counter these comments, saying that the UK authorities were fully committed to membership of the ERM. But the darkening economic climate in Britain makes many dealers wonder whether realignment or devaluation are in prospect. The July survey of independent forecasters issued yester-

day added to the gloom, predicting that the UK economy will contract by 0.2 per cent in 1992, compared to 1.0 per cent growth.

Under these conflicting pressures, sterling fell back to a low of DM2.8250 in the early afternoon, but soon recovered to close unchanged on the day at DM2.8425. A particularly worrying aspect of its performance was its slide in the EMS grid. Dealers said that both the Bank of Portugal and the Bank of England were forced to intervene in the market, buying the pound, after sterling fell below its permitted floor against the strongest currency, the Portuguese escudo.

That divergence does not worry dealers excessively, as trading in the escudo is only a small part of the foreign exchange market. But dealers tend to be particularly bearish towards currencies at the bottom of the grid. Yesterday, the market expects an increase in jobs by 100,000 on the previous month.

The dollar again moved in narrow ranges against the D-Mark in European trading. Strong US factory orders for June, which rose by 2.3 per cent on the previous month, and an up-beat Chicago Purchasing Management survey for July, triggered an advance of nearly a penny up to DM1.4821. But in late American trade, the dollar subsided in a wave of profit-taking, falling back to a low of DM1.4727.

The dollar will continue to be trapped in narrow ranges next week. Dealers believe that central banks will intervene if the currency falls towards DM1.45, while US indicators are not strong enough for dealers to feel bullish. However, the US currency could rally if July's non-farm payroll data, due out on Friday, rises. The market expects an increase in jobs by 100,000 on the previous month.

## IN NEW YORK

**EMS EUROPEAN CURRENCY UNIT RATES**

July 31	Latest	Previous Close
US\$	1.0250 - 1.0265	1.0250 - 1.0270
1 month	1.0255 - 1.0275	1.0255 - 1.0275
12 months	1.0255 - 1.0295	1.0255 - 1.0295

Forward premiums and discounts apply to the US dollar.

## STERLING INDEX

July 31	Latest	Previous Close
US\$	92.3	92.3
10.00	92.1	92.1
11.00	92.2	92.3
12.00	92.1	92.1
2.00	92.1	92.2
3.00	92.1	92.2
4.00	92.1	92.2

Forward premiums and discounts apply to the US dollar.

## CURRENCY MOVEMENTS

July 31	Bank of England	Morgan Stanley	% Change from Central Bank	% Change from Previous Day	Divergence Indicator
US\$	92.3	92.3	-0.1	-0.1	-0.1
10.00	92.1	92.1	-0.1	-0.1	-0.1
11.00	92.2	92.3	-0.1	-0.1	-0.1
12.00	92.1	92.1	-0.1	-0.1	-0.1
2.00	92.1	92.2	-0.1	-0.1	-0.1
3.00	92.1	92.2	-0.1	-0.1	-0.1
4.00	92.1	92.2	-0.1	-0.1	-0.1

Forward premiums and discounts apply to the US dollar.

## POUND SPOT - FORWARD AGAINST THE POUND

July 31	Days forward	Close	One month	%	Three months	%	One year	%
US\$	1.11-1.1250	1.1150	1.1200	+0.01	1.1250	+0.01	1.1350	+0.01
Netherlands	1.11-1.1250	1.1150	1.1200	+0.01	1.1250	+0.01	1.1350	+0.01
Belgium	1.11-1.1250	1.1150	1.1200	+0.01	1.1250	+0.01	1.1350	+0.01
Germany	1.11-1.1250	1.1150	1.1200	+0.01	1.1250	+0.01	1.1350	+0.01
Portugal	1.11-1.1250	1.1150	1.1200	+0.01	1.1250	+0.01	1.1350	+0.01
Spain	1.11-1.1250	1.1150	1.1200	+0.01	1.1250	+0.01	1.1350	+0.01
Italy	1.11-1.1250	1.1150	1.1200	+0.01	1.1250	+0.01	1.1350	+0.01
Norway	1.11-1.1250	1.1150	1.1200	+0.01	1.1250	+0.01	1.1350	+0.01
Sweden	1.11-1.1250	1.1150	1.1200	+0.01	1.1250	+0.01	1.1350	+0.01
Denmark	1.11-1.1250	1.1150	1.1200	+0.01	1.1250	+0.01	1.1350	+0.01
Australia	1.11-1.1250	1.1150	1.1200	+0.01	1.1250	+0.01	1.1350	+0.01
New Zealand	1.11-1.1250	1.1150	1.1200	+0.01	1.1250	+0.01	1.1350	+0.01
Switzerland	1.11-1.1250	1.1150	1.1200	+0.01	1.1250	+0.01	1.1350	+0.01
Japan	1.11-1.1250	1.1150	1.1200	+0.01	1.1250	+0.01	1.1350	+0.01
Other	1.11-1.1250	1.1150	1.1200	+0.01	1.1250	+0.01	1.1350	+0.01

Commercial rates taken from the spot of London trading. US-month and 12-month rates are quoted in US dollars.

Forward premiums and discounts apply to the US dollar and not to the individual currency.

## CURRENCY RATES

July 31	Bank of England	Morgan Stanley	% Change from Central Bank	% Change from Previous Day
US\$	92.3	92.3	-0.1	-0.1
10.00	92.1	92.1	-0.1	-0.1
11.00	92.2	92.3	-0.1	-0.1
12.00	92.1	92.2	-0.1	-0.1
2.00	92.1	92.2	-0.1	-0.1
3.00	92.1	92.2	-0.1	-0.1
4.00	92.1	92.2	-0.1	-0.1

Forward premiums and discounts apply to the US dollar.

## EURO-CURRENCY INTEREST RATES

July 31	Short term	7 days	One Month	Three Months	Six Months	One Year
Sterling	10-15	10-15	10-15	10-15	10-15	10-15
US Dollars	10-15	10-15	10-15	10-15	10-15	10-15
Canadian	10-15	10-15	10-15	10-15	10-15	10-15
Australian	10-15	10-15	10-15	10-15	10-15	10-15
Swiss Franc	9.50	10-15	10-15	10-15	10-15	10-15
French	10-15	10-15	10-15	10-15	10-15	10-15
German	10-15	10-15	10-15	10-15	10-15	10-15
Italian	10-15	10-15	10-15	10-15	10-15	10-15
Portuguese	10-15	10-15	10-15	10-15	10-15	10-15
Spanish	10-15	10-15	10-15	10-15	10-15	10-15
Swiss Franc	10-15	10-15	10-15	10-15	10-15	10-15
Other	10-15	10-15	10-15	10-15	10-15	10-15

Commercial rates taken from the spot of London trading. UK, Ireland and EC rates are quoted in UK currency.

Forward premiums and discounts apply to the US dollar and not to the individual currency.

## EXCHANGE CROSS RATES

July 31	US\$	DM	Fr	Yen	FF	SWF	HKD	Lira	CF	B Fr	Pt	Em
US\$	1.00	1.0250	2.645	9.050	2.523	2.023	2.228	2.050	1.012	1.0250	1.0250	1.0250
DM	0.972	1.00	2.605	9.010	2.500	2.010	2.218	2.038	1.005	1.015	1.015	1.015
Fr	0.382	0.372	1.00	3.700	0.912	0.727	0.740	0.750	0.385	0.395	0.395	0.395
Yen	0.0082	0.0082	0.0082	1.00	0.028	0.020	0.022	0.024	0.0082	0.0082	0.0082	0.0082
FF	0.00082	0.00082	0.00082	0.00082	1.00	0.00082	0.00082	0.00082	0.00082	0.00082	0.00082	0.00082
HKD	0.00082	0.00082	0.00082	0.00082	0.00082	1.00	0.00082	0.00082	0.00082	0.00082	0.00082	0.00082
Lira	0.00082	0.00082	0.00082	0.00082	0.00082	0.00082	1.00	0.00082	0.00082	0.00082	0.00082	0.00082
CF	0.00082	0.00082	0.00082	0.00082	0.00082	0.00082	0.00082	1.00	0.00082	0.00082	0.00082	0.00082
B Fr	0.00082	0.00082	0.00082	0.00082	0.00082	0.00082	0.00082	0.00082	1.00	0.00082	0.00082	0.00082
Pt	0.00082	0.00082	0.00082	0.00082	0.00082	0.00082	0.00082	0.00082	0.00082	1.00	0.00082	0.00082
Em	0.00082	0.00082	0.00082	0.00082	0.00082	0.00082	0.00082	0.00082	0.00082	0.00082	1.00	0.00082

Forward rates are the arithmetic mean rounded to the nearest one-tenth of a per cent. The bid and offered rates for £100 are quoted in £100 sterling.

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Forward rates are

## LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Deals relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Taliham system, thus they are not in order of execution but in ascending order which denotes the date of highest priority dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Ruble 535(2) and Third Market stocks are not regulated by the Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

\* Bargains at special prices. ♦ Bargains done the previous day.

### British Funds, etc

No. of bargains included 1820

Treasury 15% Kt 200003 - 123%

Guaranteed Income Corp PLC

12% Gtr Lst Skt 2002/09/26 - 127%

23% Gtr Lst Skt 200





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- Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128.

**Anti-Counterfeiting** **Bill Price** **Offer + of Yield** **Bill Price** **Offer Price**

#### **FT MANAGED FUNDS SERVICE**

- Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minutes at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128.

#### **FT MANAGED FUNDS SERVICE**

- Current Unit Trust prices are available on FT Cityline. Calls charged at 38p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128.

## **WORLD STOCK MARKETS**

US MARKETS (3:00 pm)								
July 31	USS	+ or -	July 31	USS	+ or -	July 31	USS	+ or -
AAR Corp	121 M	-	Coors (Adolph)	191	-	Kern-McGee	335	-
AMP Inc.	543 M	+2	Coronado Finl	511	-	Kern Corp	335	-
AMR Corp	664	-	Kinney-Clegg	361	-	Kirkland-Clark	254	-
ASA	404	-	Crane	241	-	King World Press	264	-
Abbott Lab	304	-	Cray Research	241	-	Knight-Ridder	621	-
Acme Cleveland	63	-	Dawn Corp & Seal	332	-	Kroger	144	-
Advanced Micro	83	-	LSI Logic	58	-			
Aetna Life	434 M	-	Leggett & Plant	232	-	Quaker Oats	50	-
Affiliated Publ	114	-	Lilly (Eli)	214	-	Quaker Chemical	160	-
Aflac	33	-	Lif-Broadcasting	69	-	RJR Nabisco	81	-
Akamai (KHF)	17	-	Linton Nat	645	-	Kansas Public	108	-
Am Prod & Chemical	423	-	Liz Claiborne	362	-	Kaydon Corp	242	-
Alberto-Culver B	241	-	Lockheed Corp	475	-	Kellogg Co	118	-
Albertson's	43	-	Loews Corp	312	-	Kimberly-Clark	245	-
Alean Aluminum	193	-	Long Island Light	245	-	Kirkland-Clark	254	-
Alico Standard	382	-	Lucent Technol	375	-	Kittens-Petrol	50	-
Almond & Alex	248	-	Mitsubishi	214	-	Kittens-Petrol	50	-
Alex & Baldwin	222	-	Mobile Com	231	-	Kittens-Petrol	50	-
Allegheny Power	474	-	National Ind	441	-	Kittens-Petrol	50	-
Allied Signal	552	-	Netcom	41	-	Kittens-Petrol	50	-
Allison Div Of Am	734	-	Northrop Grumman	184	-	Kittens-Petrol	50	-
Amx	204	-	Otis Elevator	372	-	Kittens-Petrol	50	-
Amidai Corp	134	-	Panasonic	391	-	Kittens-Petrol	50	-
Amerada Hess	483	-	Patterson Cos Inc	201	-	Kittens-Petrol	50	-
AmeriBrands	471	-	Pebco E & G	261	-	Kittens-Petrol	50	-
Amer Crayon	614	-	Pepsi Sound Power	278	-	Kittens-Petrol	50	-
Amer Ind Power	351	-	Quaker Oats	50	-	Kittens-Petrol	50	-
Amer Express	23	-	Quaker Corp	241	-	Kittens-Petrol	50	-
Amer Gas Corp	481 M	-	Quantum Chemical	160	-	Kittens-Petrol	50	-
Amer Greatgas C A	442	-	RJR Nabisco	81	-	Kittens-Petrol	50	-
Amer Home Pr	753	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
Amer International	964	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
Amer Natl Ins	414	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
Amer Stores	374	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
Amer T & T	44	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
America	693	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
Ames Dept Stores	0.50	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
Amtek Int	153	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
Analog Devices	94	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
Amherst-Bush	533	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
Amico	504	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
Amoco	43	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
Amesys	234	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
Amherst-Bush	533	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
Amcor	46	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
Apple Computer	474	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
Archer Daniels	274	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
Arka	114	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
Armaco	74	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
Armstrong World	312	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
Arusco	294	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
Ashland OH	254	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
Atlantic Richfield	113 M	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
Auto Data Pro	442	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
Autodesk	42	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
Avery Dennison	281	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
Avnet Inc	281	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
Axon Products	324	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
Baird Corp	74	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
Baker Hughes Inc	224 M	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
Balfour	331	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
Bally	51	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
Baltim Elec & El	244	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
Bank One	444	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
Bandag	694	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
BankAmerica	455	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
Bank of Boston	24	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
Bank of New York	414 M	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
Fleet Finl Grp	241	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
Fleetwood Enterpr	241	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
Fleming Cos Ohio	334	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
Florida Progress	33	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
Flor Corp	404	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
Floridian Corp	31	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
Food Lion A	11	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
Food Lion B	113	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
Ford Motor	454	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
Foster Wheeler	264	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
Freight McMoran	193	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
Fred American Cos	682	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
FP&AOR	11	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
Brit Steel ADR	211	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
Brit Teleco	658	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
Broad Inst	214	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
Brown Forman B	254	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
Brown Group	234	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
Brown & Sharpe	254	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
Browning Ferril	152	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
BruceRock	152	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
Burlington Athm	59	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
CBU India	133	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
CS	160	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
CMS Energy Corp	161	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
CPC Internat	484	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
CSX	574	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
Cater Corp	503	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
Campbell Soup	374	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
Gulf States UU	16	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
Halliburton	31	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
Hanna (MA)	201	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
Hannsleger	141	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
Harris Corp	365	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
Hartford Ind	46	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
Hatch	224	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
Hilti (H&T)	343	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
Boeing	261	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
Gen Am Inv	281	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
Gen Cinema	251	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
Gen Dynamics	781	-	Kittens-Petrol	50	-	Kittens-Petrol	50	-
Gen Electric	761	-	Kittens-Petrol					

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STANDARD AND POOR'S									
Composite I		423.92		422.23		417.52		411.34	
Industrial		497.80	492.70	489.89	482.89	499.22	470.91	495.27	341.42
Financial		36.63	36.48	36.16	35.48	34.93	32.40	34.65	8.64
NYSE Composite		232.99	231.95	229.54	226.50	232.89	217.92	232.89	4.46
Amer Bldg. Value		367.10	365.94	364.55	362.06	418.99	374.04	418.99	29.31
NASDAQ Composite		578.80	577.49	571.63	564.73	644.92	547.84	644.92	54.87
40 Day's High 3409.18 C339.72 Low 3359.74 CHG.159									
Dow Industrial Div Yield		3.17	3.13	3.13	3.10	Jul 24		Jul 17	
Jul 23		Jul 22	Jul 15	year ago (approx.)		Jul 10		year ago (approx.)	
DANISH CORP	Copenhagen SE 01/1983	308.52	309.79	309.56	309.06	306.29	305.01	306.46	CHG.159
FINLAND	NRI General Ch 12/1980	603.11	605.6	602.7	605.0	635.10	642.01	633.01	CHG.171
FRANCE	NRI General Ch 12/1980	408.06	401.68	403.03	402.02	325.73	321.51	473.53	CHG.214
GAC 40 CH 12/1980	1254.67	1251.63	1251.63	1251.63	2077.49	2115.01	222.71	229.42	CHG.220
GERMANY	FAZ Aktie 01/12/1980	636.90	643.02	643.05	640.56	725.26	726.69	636.76	CHG.171
Germany 01/12/1980	1794.5	1814.5	1816.5	1810.1	2043.80	2024.29	1798.50	CHG.171	CHG.171
DAX 001/12/1980	1613.17	1623.91	1628.15	1610.64	1821.57	1829.01	1578.73	CHG.171	CHG.171
HONG KONG	Hong Kong 80/12/1980	5081.13	5029.81	5057.21	5072.63	6162.53	6167.71	4381.76	CHG.171
IRELAND	SEI Overall M/1/1980	1273.16	1272.47	1270.94	1282.93	1694.57	1717.11	1262.98	CHG.171
ITALY	Ital. Cons. Ind. 1972	401.72	397.73	401.14	400.81	551.59	562.02	397.73	CHG.171
MAB General Ch 1/92	788.11	779.18	786.58	784.0	1036.08	1042.63	771.00	CHG.171	CHG.171
JAPAN	Italid SE 01/1979	12910.25	12520.60	12895.35	12526.64	2500.18	2410.12	13075.05	CHG.171
Japan SE 01/1979 (W/T&M)	1212.19	1191.65	1170.43	1213.13	1170.43	1170.43	1170.43	1170.43	CHG.171
2nd Section 1/1/1982	1308.45	1274.26	1274.36	1264.03	2059.85	2041.01	1780.26	CHG.171	CHG.171
KOREA Corp	1,070 +10	+10	+10	+10	+10	+10	+10	+10	+10
Etsai	1,330 +10	+10	+10	+10	+10	+10	+10	+10	+10
Ezahl Gtco	1,270 +10	+10	+10	+10	+10	+10	+10	+10	+10
Fawc	3,340 +100	+100	+100	+100	+100	+100	+100	+100	+100
Fawc Construction	460 +10	+10	+10	+10	+10	+10	+10	+10	+10
Fiji Bank	1,370 +20	+20	+20	+20	+20	+20	+20	+20	+20
Fiji Electric	500 +10	+10	+10	+10	+10	+10	+10	+10	+10
Fiji Filers	2,580 +10	+10	+10	+10	+10	+10	+10	+10	+10
Fiji Fire & Marke	666 +10	+10	+10	+10	+10	+10	+10	+10	+10
Fiji Heavy Ind.	259 +7	+7	+7	+7	+7	+7	+7	+7	+7
Fiji Splinter	466 +10	+10	+10	+10	+10	+10	+10	+10	+10
Fiji Taka	500 +10	+10	+10	+10	+10	+10	+10	+10	+10
Fiji Taka Kamb	1,700 +10	+10	+10	+10	+10	+10	+10	+10	+10
Felites	587 +20	+20	+20	+20	+20	+20	+20	+20	+20
Fernokoma Elect	400 +10	+10	+10	+10	+10	+10	+10	+10	+10
Ferrari	400 +10	+10	+10	+10	+10	+10	+10	+10	+10
Festiva Pharm	886 +10	+10	+10	+10	+10	+10	+10	+10	+10
Feltex	1,700 +10	+10	+10	+10	+10	+10	+10	+10	+10
Felvita	507 +20	+20	+20	+20	+20	+20	+20	+20	+20
Femokoma Elect	400 +10	+10	+10	+10	+10	+10	+10	+10	+10
Galatra	733 +10	+10	+10	+10	+10	+10	+10	+10	+10
Gen Seki	564 +14	+14	+14	+14	+14	+14	+14	+14	+14
Gen Seki Co	564 +14	+14	+14	+14	+14	+14	+14	+14	+14
Gen Seki Matsuk	403 +10	+10	+10	+10	+10	+10	+10	+10	+10
Gen Seki Ots	741 +4	+4	+4	+4	+4	+4	+4	+4	+4
Gen Seki Paper	520 +30	+30	+30	+30	+30	+30	+30	+30	+30
Gen Seki Plastics	679 +13	+13	+13	+13	+13	+13	+13	+13	+13
Gen Seki Rayon	343 +10	+10	+10	+10	+10	+10	+10	+10	+10
Gen Seki Steel	207 +17	+17	+17	+17	+17	+17	+17	+17	+17
Gen Seki Trd/Bld	755 +30	+30	+30	+30	+30	+30	+30	+30	+30
Gen Seki Ware	1,010 +10	+10	+10	+10	+10	+10	+10	+10	+10
Gen Seki Chemicals	665 +5	+5	+5	+5	+5	+5	+5	+5	+5
Gen Seki Elec	8,850 +270	+270	+270	+270	+270	+270	+270	+270	+270
Gen Seki Railways	2,060 +10	+10	+10	+10	+10	+10	+10	+10	+10
Gen Seki Transport	1,570 +10	+10	+10	+10	+10	+10	+10	+10	+10
Gen Seki Food Sys	955 +25	+25	+25	+25	+25	+25	+25	+25	+25
Gen Seki	1,010 +10	+10	+10	+10	+10	+10	+10	+10	+10
Gen Seki Chemicals	665 +5	+5	+5	+5	+5	+5	+5	+5	+5
Gen Seki Elec	8,850 +270	+270	+270	+270	+270	+270	+270	+270	+270
Gen Seki Railways	2,060 +10	+10	+10	+10	+10	+10	+10	+10	+10
Gen Seki Transport	1,570 +10	+10	+10	+10	+10	+10	+10	+10	+10
Gen Seki Food Sys	955 +25	+25	+25	+25	+25	+25	+25	+25	+25
Gen Seki	1,010 +10	+10	+10	+10	+10	+10	+10	+10	+10
Gen Seki Chemicals	665 +5	+5	+5	+5	+5	+5	+5	+5	+5
Gen Seki Elec	8,850 +270	+270	+270	+270	+270	+270	+270	+270	+270
Gen Seki Railways	2,060 +10	+10	+10	+10	+10	+10	+10	+10	+10
Gen Seki Transport	1,570 +10	+10	+10	+10	+10	+10	+10	+10	+10
Gen Seki Food Sys	955 +25	+25	+25	+25	+25	+25	+25	+25	+25
Gen Seki	1,010 +10	+10	+10	+10	+10	+10	+10	+10	+10
Gen Seki Chemicals	665 +5	+5	+5	+5	+5	+5	+5	+5	+5
Gen Seki Elec	8,850 +270	+270	+270	+270	+270	+270	+270	+270	+270
Gen Seki Railways	2,060 +10	+10	+10	+10	+10	+10	+10	+10	+10
Gen Seki Transport	1,570 +10	+10	+10	+10	+10	+10	+10	+10	+10
Gen Seki Food Sys	955 +25	+25	+25	+25	+25	+25	+25	+25	+25
Gen Seki	1,010 +10	+10	+10	+10	+10	+10	+10	+10	+10
Gen Seki Chemicals	665 +5	+5	+5	+5	+5	+5	+5	+5	+5
Gen Seki Elec	8,850 +270	+270	+270	+270	+270	+270	+270	+270	+270
Gen Seki Railways	2,060 +10	+10	+10	+10	+10	+10	+10	+10	+10
Gen Seki Transport	1,570 +10	+10	+10	+10	+10	+10	+10	+10	+10
Gen Seki Food Sys	955 +25	+25	+25	+25	+25	+25	+25	+25	+25
Gen Seki	1,010 +10	+10	+10	+10	+10	+10	+10	+10	+10
Gen Seki Chemicals	665 +5	+5	+5	+5	+5	+5	+5	+5	+5
Gen Seki Elec	8,850 +270	+270	+270	+270	+270	+270	+270	+270	+270
Gen Seki Railways	2,060 +10	+10	+10	+10	+10	+10	+10	+10	+10
Gen Seki Transport	1,570 +10	+10	+10	+10	+10	+10	+10	+10	+10
Gen Seki Food Sys	955 +25	+25	+25	+25	+25	+25	+25	+25	+25
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Gen Seki Elec	8,850 +270	+270	+270	+270	+270	+270	+270	+270	+270
Gen Seki Railways	2,060 +10	+10	+10	+10	+10	+10	+10	+10	+10
Gen Seki Transport	1,570 +10	+10	+10	+10	+10	+10	+10	+10	+10
Gen Seki Food Sys	955 +25	+25	+25	+25	+25	+25	+25	+25	+25
Gen Seki	1,010 +10	+10	+10	+10	+10	+10	+10	+10	+10
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Gen Seki Railways	2,060 +10	+10	+10	+10	+10	+10	+10	+10	+10
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Gen Seki Chemicals	665 +5	+5	+5	+5	+5	+5	+5	+5	+5
Gen Seki Elec	8,850 +270	+270	+270	+270	+270	+270	+270	+270	+270
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Gen Seki Transport	1,570 +10	+10	+10	+10	+10	+10	+10	+10	+10
Gen Seki Food Sys	955 +25	+25	+25	+25	+25	+25	+25	+25	+25
Gen Seki	1,010 +10	+10	+10	+10	+10	+10	+10	+10	+10
Gen Seki Chemicals	665 +5	+5	+5	+5	+5	+5	+5	+5	+5
Gen Seki Elec	8,850 +270	+270	+270	+270	+270	+270	+270	+270	+270
Gen Seki Railways	2,060 +10	+10	+10	+10	+10	+10	+10	+10	+10
Gen Seki Transport	1,570 +10	+10	+10	+10	+10	+10	+10	+10	+10
Gen Seki Food Sys	955 +25	+25	+25	+25	+25	+25	+25	+25	+25
Gen Seki	1,010 +10	+10	+10	+10	+10	+10	+10	+10	+10
Gen Seki Chemicals	665 +5	+5	+5	+5	+5	+5	+5	+5	+5
Gen Seki Elec	8,850 +270	+270	+270	+270	+270	+270	+270	+270	+270
Gen Seki Railways	2,060 +10	+10	+10	+10	+10	+10	+10	+10	+10
Gen Seki Transport	1,570 +10	+10	+10	+10	+10	+10	+10	+10	+10
Gen Seki Food Sys	955 +25	+25	+25	+25	+25	+25	+25	+25	+25
Gen Seki	1,010 +10	+10	+10	+10	+10	+10	+10	+10	+10
Gen Seki Chemicals	665 +5	+5	+5	+5	+5	+5	+5	+5	+5
Gen Seki Elec	8,850 +270	+270	+270	+270	+270	+270	+270	+270	+270
Gen Seki Railways	2,060 +10	+10	+10	+10	+10	+10	+10	+10	+10
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Gen Seki Food Sys	955 +25	+25	+25	+25	+25	+25	+25	+25	+25
Gen Seki	1,010 +10	+10	+10	+10	+10	+10	+10	+10	+10
Gen Seki Chemicals	665 +5	+5	+5	+5	+5	+5	+5	+5	+5
Gen Seki Elec	8,850 +270	+270	+270	+270	+270	+270	+270	+270	+270
Gen Seki Railways	2,060 +10	+10	+						

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**NEW YORK ACTIVE STOCKS**      **TRADING ACTIVITY**

## WORLD STOCK MARKETS

## AMERICA

## Dow cautiously approaches record high

## Wall Street

WALL Street headed toward record levels as the market built on the gains made this week, writes Karen Zagor in New York.

At 1 pm, the Dow Jones Industrial Average was up 7.5 at 3,299.48 after briefly breaking above 3,400 at 12:45 pm. The Dow reached a record high of 3,413.21 on June 1.

The overall tone of the market, however, was mixed with advancing issues leading those declining by a slim margin. NYSE volume was fairly light, with just over 100m shares changing hands at 1 pm.

The market's restrained advances were reflected in other indices. The Standard & Poor's 500 was 0.28 higher at 424.20 while the Nasdaq composite was up 0.51 at 579.31.

Among the economic news of the day was the release of stronger-than-expected new factory orders for June, which rose 2.3 per cent. Orders for durable goods were revised up to 2.7 per cent from an earlier reported gain of 2.3 per cent. In addition, personal consumption expenditures rose 0.5 per cent in the month, while personal income was flat.

Equities were largely unmoved by the data, but second quarter results continued to have an impact on individual stock movements.

McDonnell Douglas tumbled 3% to \$36.75 following the release of second quarter net income of \$1-a-share against \$2.01 in the same period of 1991.

Shares in Astra, one of the largest US composite insurers, tumbled 4% to \$43.50 in active trading on the back of a loss of 46 cents a share on continuing operations compared with net income from continued operations of \$1.13 a share in the previous year.

Among other big insurers, Travelers held steady at \$22.50. Equitable slid 3% to \$9.40 and

Sigma eased 3% to \$54.10.

Fleet Mortgage, a unit of Fleet Financial, was the most active issue of the morning. The stock traded at \$33.50. An 8.3m initial public offering was made at \$23.50 a share.

Other active big board issues included RJR Nabisco Holdings, unchanged at \$87, Bristol-Myers Squibb, down 3% at \$69.40 and Baker Hughes, off 1% at \$22.10.

Paramount Communications fell \$2.50 to \$45. The US entertainment group said it was expanding into the theme park business through the acquisition of King's Entertainment in a deal valued at about \$400m.

In Nasdaq trading, Microsoft rose \$3 to \$73.40, Dell Computer climbed \$0.10 to \$22.50 and Apple Computer lost 3% to \$46.50.

## Canada

BRAMALEA'S agreement in principle with its Canadian lenders on a restructuring plan boosted banks and paved the way for strong gains in Toronto stocks at midday. The banking index was up 42.75 or 1.6 per cent to 2,800.96 and the TSX 300 composite index was up 1.7 at 3,442.13 in slow volume of 12.9m shares. Advances led declines by 228 to 127 with transactions valued at C\$154m.

Among banking shares, Canadian Imperial Bank of Commerce rose C\$1 to C\$28.50, Toronto Dominion gained C\$0.50 to C\$19.50, Royal Bank firmed C\$0.50 to C\$25.50 and Bank of Nova Scotia rose C\$0.50 to C\$23.50. PW Corp. was up 31 cents to C\$2.55 and Air Canada was up C\$0.50 to C\$5.50.

## SOUTH AFRICA

INDUSTRIALS enjoyed a firmer day as the market largely ignored next week's mass action campaign by the ANC. The index rose 12 to 4,342 while the overall index lost 3 to 3,430. The gold index declined 9 to 1,068.

## ASIA PACIFIC

## Corporate tax breaks lift Nikkei

## Tokyo

REPORTS of the government's additional economic stimulus package, which includes planned tax breaks for corporate capital investment, lifted share prices but activity remained subdued ahead of the weekend, writes Shiro Terao in Tokyo.

The 225-share index gained 354.68 to 15,910.28, for a rise of 2.7 per cent on the week. The index fell to the day's low of 15,669.00 in the morning session on small-lot profit-taking, but later surged on index-linked buying by investment trusts, hitting the day's high of 15,917.15 in the afternoon.

Volume, however, fell to 200m shares from 223m. Gainers led losers by 805 to 181, with 114 issues remaining unchanged. The Topix index of all first section stocks rose 25.77 to 1,219.25 and in London, the ISE/Nikkei 50 index fell 1.34 to 960.83.

Traders said the bulk of activity consisted of short-cover-

ing, and little new demand was seen. Mr Yasuo Ueki at Nikko Securities said: "Sentiment seems to have improved as the government has started to announce concrete measures to counter the weak economy and stock market." He added that investors were waiting to take profits at higher levels.

Reports that central bankers in the US, Japan, and Europe were in close discussions over problem loans at commercial banks, encouraged market participants.

Banks and property-related issues, which rose on Thursday on the government's plans to support land prices by purchases of real estate for public works projects, advanced sharply.

Industrial Bank of Japan gained Y10 to Y1,730 and Sumitomo Bank gained Y60 to Y1,430. Mitsui Fudosan, the leading reator, added Y60 to Y839, and Mitsubishi Estate Y45 to Y310.

Speculative theme stocks strengthened on short-term trading, with Meiji Milk Products gaining Y15 to Y75 and Prod-

ucts gained Y15 to Y75 but was 2.2%

per cent down on the week. Gainers exceeded losers by 327 to 309, with 181 unchanged.

TAIWAN ended higher on buying of shares in the food, plastic and textile sectors. The weighted index gained 78.99 to 16,832.32 up 2.1 per cent on the week, in turnover of T\$25bn.

MANILA was slightly stronger. The composite index advanced 3.78 to 1,499.50, a 2.0 per cent increase on the week, as combined turnover improved to 323.5m pesos from 226.5m pesos.

KUALA LUMPUR rose on bargain-hunting with the composite index closing 2.87 higher at 601.53 for a 1.3 per cent gain on the week. Gainers led losers by 156 to 72 in volume of 72.3m shares.

AUSTRALIA weakened with the All Ordinaries index ending down 2.12 at 1,817.72, but up 0.5 per cent on the week.

BANGKOK rose on hopes of good second quarter results. The SET index gained 4.76 to 741.42, up slightly on the week. BOMBAY'S BSE index gained 28.23 to 2,727.06.

## FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

## NATIONAL AND REGIONAL MARKETS

	US Dollar Index	Day's Change %	Pound Starting Index	Ven. Index	Dm Index	Local Currency Index	Loc. % chg on day	Gross Div Index	US Dollar Starting Index	Pound Starting Index	Ven. Index	Dm Index	Local Currency Index	1992 High	1992 Low	Year (approx)
Australia (93)...	142.77	+0.6	110.30	115.20	108.97	128.47	+0.5	4.28	141.85	109.71	114.69	109.45	128.61	153.68	140.94	149.11
Austria (12)...	154.05	-0.5	119.02	124.30	118.85	118.15	+0.1	2.45	104.55	119.48	119.07	108.70	118.70	157.63	157.63	157.63
Belgium (23)...	146.69	+0.1	113.33	116.35	112.98	110.69	+0.4	5.58	146.98	113.57	115.80	113.09	110.28	152.27	135.87	128.87
Canada (114)...	99.10	+0.3	99.10	98.74	98.74	98.07	-0.1	3.18	127.94	98.92	98.33	98.71	100.97	118.75	97.12	100.97
Denmark (35)...	229.20	-0.1	185.05	183.27	184.48	185.69	-0.1	1.93	209.81	185.46	193.88	185.02	183.91	217.94	226.81	193.19
Finland (15)...	69.74	-0.1	52.88	53.85	53.85	54.65	-0.1	2.18	70.28	54.65	57.07	54.48	58.54	62.75	56.70	62.75
France (104)...	141.32	-0.1	107.00	106.00	106.00	106.00	-0.1	2.24	107.00	106.00	106.00	105.99	106.49	116.28	102.17	116.28
Germany (122)...	120.32	+0.1	92.56	97.10	92.57	92.67	+0.0	2.47	120.17	92.94	97.17	92.72	92.72	97.69	114.67	108.44
Hong Kong (54)...	242.74	-0.4	187.54	188.95	188.97	241.11	-0.4	3.40	243.77	188.53	197.08	188.09	242.05	259.50	178.33	188.32
Ireland (16)...	158.74	+0.3	122.84	120.28	122.48	124.45	+0.5	4.24	168.77	122.40	127.95	122.10	123.85	173.71	151.78	153.33
Italy (76)...	61.45	-1.0	47.48	48.58	47.33	51.38	-1.1	4.07	62.05	48.00	50.18	47.88	51.96	80.86	61.30	74.94
Japan (47)...	92.41	+2.4	114.40	117.45	117.19	117.45	+2.4	1.14	90.27	89.87	72.28	89.65	117.00	122.50	117.00	122.50
Malaysia (69)...	241.87	-0.1	159.00	159.00	159.00	159.00	-0.1	2.12	159.00	159.00	159.00	159.00	159.00	169.00	159.00	169.00
Mexico (15)...	150.11	-0.1	107.12	117.14	108.85	110.28	-0.1	1.11	105.12	108.85	105.12	105.12	108.85	113.70	105.12	113.70
Netherlands (25)...	151.18	-0.1	124.53	120.08	124.15	122.89	-0.3	4.56	161.34	124.78	130.44	124.48	123.23	167.29	147.88	135.15
New Zealand (14)...	44.81	-1.3	34.12	34.52	34.52	43.57	-1.5	5.21	45.42	35.13	36.72	35.04	44.23	48.16	32.17	48.16
Norway (23)...	171.74	+0.5	132.89	138.58	132.28	135.67	+0.5	1.81	170.84	132.12	138.12	131.81	135.01	172.95	161.26	172.95
Singapore (38)...	208.54	+2.1	161.11	168.27	160.62	155.11	+2.4	2.14	203.78	157.60	157.22	151.43	172.89	229.63	192.78	195.62
South Africa (61)...	204.45	+1.9	157.93	164.32	157.93	162.50	+1.9	2.01	162.50	155.24	162.50	157.22	162.50	179.00	152.22	179.00
Spain (49)...	138.20	-0.1	104.93	104.93	104.93	104.93	-0.4	5.51	105.44	104.93	104.93	104.93	104.93	104.93	104.93	104.93
Sweden (29)...	112.05	-0.3	86.57	80.42	86.32	91.80	-0.3	2.34	112.44	88.91	90.88	86.71	92.03	113.80	95.99	92.45
United Kingdom (22																



JULY 25

LONDON SHARE SERVICE									
<b>INDUSTRIAL TRUSTS - Cont.</b>									
<b>MEDIA - Cont.</b>									
<b>MERCHANT BANKS</b>									
<b>METALS &amp; METAL FORMING</b>									
<b>MISCELLANEOUS</b>									
<b>INVESTMENT COMPANIES</b>									
<b>MEDIA</b>									
<b>MOTORS</b>									
<b>OIL &amp; GAS - Cont.</b>									
<b>PACKAGING, PAPER &amp; PRINTING - Cont.</b>									
<b>STORES - Cont.</b>									
<b>MINES - Cont.</b>									
<b>TELEPHONE NETWORKS</b>									
<b>TEXTILES</b>									
<b>PROPERTY</b>									
<b>OTHER FINANCIAL</b>									
<b>TRANSPORT</b>									
<b>WATER</b>									
<b>SOUTH AFRICANS</b>									
<b>PLANTATIONS</b>									
<b>MINES</b>									
<b>GUIDE TO LONDON SHARE SERVICE</b>									

MINES - Cont.

Notes	Price	High	Low	Cap On	Yd
Almondstead and Platinum	£11	£21	£10	1,000	60
Anglo Am Inv.	£11	£21	£10	4,000	65
De Beers Ltd Ult.	£10	£20	£10	2,000	130
Elk Group	£10	£20	£10	600	360
Imperial Plat.	£10	£20	£10	1	1
Lydstep	£6	£10	£5	700	1000
Northern Plat.	£6	£10	£5	300	1
Rustenburg	£10	£20	£10	1,215	42

Central African

Notes	Price	High	Low	Cap On	Yd
Forzen Zan.	10	15	10	150	124
Wankie Col Zn.	12	15	10	45	49
Witwatersrand	12	15	10	1,200	49
Zambia Cyn SbD.	40	47	35	19	130

Rhodesia

Notes	Price	High	Low	Cap On	Yd
Ango Coal R.	£14	£24	£12	2,240	72
Ango Gold R.	£14	£24	£12	2,240	67
Ango Anglo Pac R.	10	15	10	7,77	-
Anglovaal R.	£14	£24	£12	4,420	17
Anglovaal	10	15	10	2,240	34
Antwerp R.	15	25	15	260	77
Archif Res.	17	24	12	150	97
Dental Res.	17	24	12	220	120
Gencor R.	17	24	12	1,100	42
Gold Fields SA R.	10	15	10	1,200	100
Modis W.R.	8	10	5	100	100
Miners Res.	10	15	10	1,200	100
OFIS Inv R.	10	15	10	1,200	128
Rand Mine R.	10	15	10	1,200	71
Rand Mine Prop R.	10	15	10	200	95
Vogels	75	75	75	150	152
Witwatersrand	10	15	10	1,200	125

Australian Expl.

Notes	Price	High	Low	Cap On	Yd
WRC	10	15	10	150	100
WRC Resources Int.	10	15	10	150	100
WRC Pacific	10	15	10	150	100

WDC Gold

Notes	Price	High	Low	Cap On	Yd
Devco	10	15	10	150	100
Foster Co.	10	15	10	150	100
Hillgrove Gold	10	15	10	150	100
WDC Gold	10	15	10	150	100

WDC Gold

Notes	Price	High	Low	Cap On	Yd
WDC Gold	10	15	10	150	100
WDC Gold	10	15	10	150	100
WDC Gold	10	15	10	150	100

WDC Gold

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WDC Gold	10	15	10	150	100
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WDC Gold

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WDC Gold	10	15	10	150	100
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WDC Gold

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WDC Gold	10	15	10	150	100
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WDC Gold

Notes	Price	High	Low	Cap On	Yd
WDC Gold	10	15	10	150	100
WDC Gold	10	15	10	150	100
WDC Gold	10	15	10	150	100

WDC Gold

Notes	Price	High	Low	Cap On	Yd
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WDC Gold	10	15	10	150	100

WDC Gold

Notes	Price	High	Low	Cap On	Yd
WDC Gold	10	15	10	150	100
WDC Gold	10	15	10	150	100
WDC Gold	10	15	10	150	100

WDC Gold

Notes	Price	High	Low	Cap On	Yd
WDC Gold	10	15	10	150	100
WDC Gold	10	15	10	150	100
WDC Gold	10	15	10	150	100

WDC Gold

Notes	Price	High	Low	Cap On	Yd
WDC Gold	10	15	10	150	100
WDC Gold	10	15	10	150	100
WDC Gold	10	15	10	150	100

WDC Gold

Notes	Price	High	Low	Cap On	Yd
WDC Gold	10	15	10	150	100
WDC Gold	10	15	10	150	100
WDC Gold	10	15	10	150	100

WDC Gold

Notes	Price	High	Low	Cap On	Yd
WDC Gold	10	15	10	150	100
WDC Gold	10	15	10	150	100
WDC Gold	10	15	10	150	100

WDC Gold

Notes	Price	High	Low	Cap On	Yd
W					



heat

In today's world, it is not to which investors we listen. It may be that most rates reduce the cost of living in some countries, but we are behind schedule because of the terrible weather and fog.

Haug is the 40-year-old scientist in charge of the six Norwegian whaleboats now at the centre of a fierce international dispute.

His 12-man team on board the *Ashorn Selkarm* (*Child of the Sea*) has killed 14 minke whales in the past three weeks, hunting around the clock under the midnight sun. The whaleboats are now heading back to Norway — and back into the dispute.

At the annual meeting of the International Whaling Commission in June, Norway announced that it would resume commercial whaling next spring after a break of five years.

Norway's move threatens to undermine the fragile moratorium which most IWC members have observed since 1985 and Japan is expected to follow. Less than 48 hours after its announcement, Norway dispatched Haug's team to catch 110 minke whales for "scientific research". This is permitted under IWC rules, but considered by some to be a mere pretext for starting whaling immediately.

The resumption brought international condemnation particularly as Mrs Gro Harlem Brundtland, Norway's prime minister, has received dozens of environmental awards, earning her the tag of "the Green Queen". It might prove an obstacle to entry into the EC, the European parliament has said.

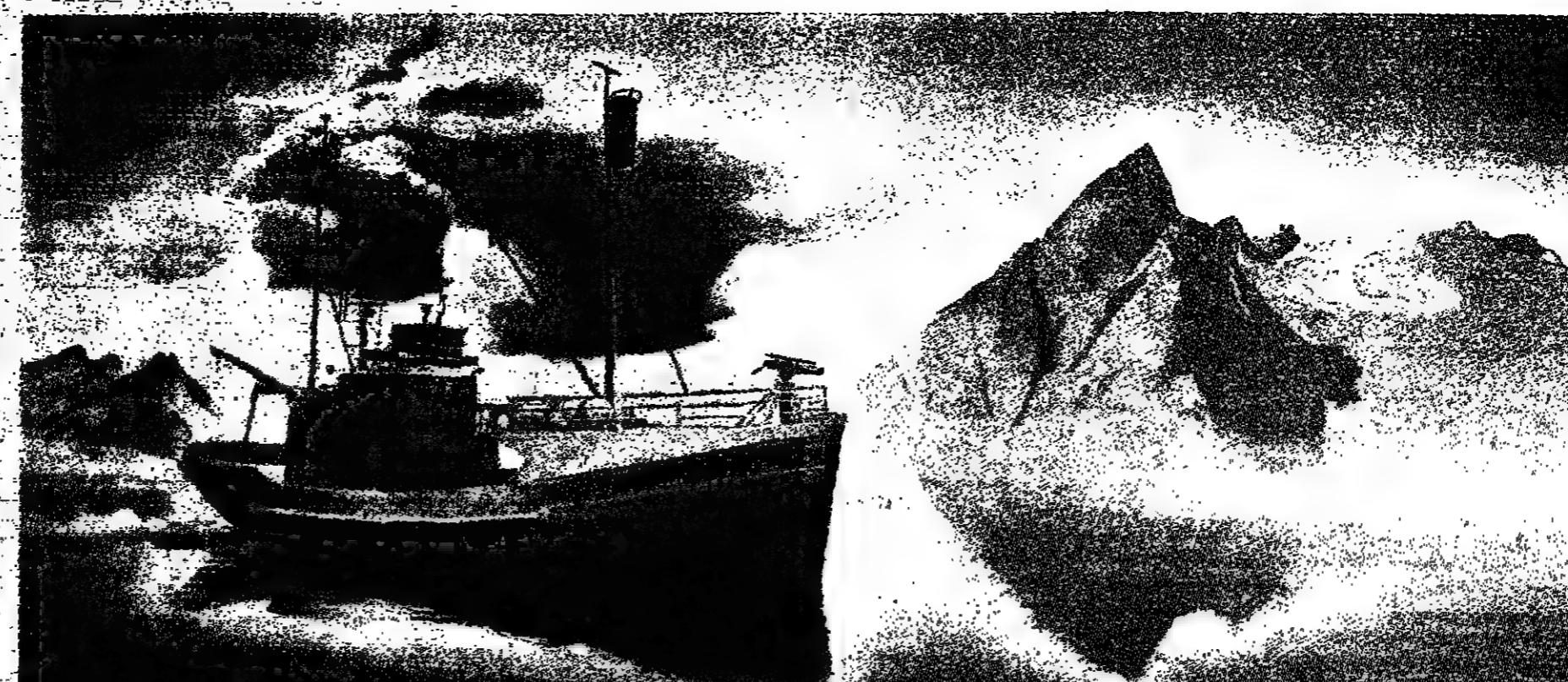
Is the Norwegian stance foolish and obstinate? Are campaigns to "save the whale" trying to protect the species or to protect every single whale — and are they more than a lobby of sentimental animal-lovers?

In the tiny whaling villages of the Lofoten archipelago, 160 miles inside the Arctic Circle and four hours from the mainland, the answer is emphatic. "We have to earn our living from the sea — we don't like being called barbarians," says Arne Lauritz Bendiksen who has hunted whales for 30 of his 44 years, first with his father and then with his three sons.

He lives in Reine, the village at the south of the islands which could claim to be Norway's whaling capital, with six of the country's 55 registered whaleboats.

It is beautiful and harsh: 150 wooden houses strung along a crescent of flat land between jagged black mountains, pervaded by the smell of fish and sewerage. The road peters out after a few kilometres at the village of Aa. Hugging the shore is the Maelstrom, the ferocious whirlpool which horrified Jules Verne in *Trenty Thousand Leagues under the Sea*.

Until 1987 almost a third of the men from Reine's 30 families were whalers. That year the Norwegian government bowed to international pressure to ban commercial whaling.



## Return of the whale killers

*Bronwen Maddox visits Norway's remote Lofoten Islands to meet the men eager for the hunt*

ing — two years later than most countries — until research could determine their numbers.

Roald Olsen, out in his 65-foot boat, the *Makessjord*, is searching for the minke which he hopes to kill next season. "Keep looking for the curve of his back in the water," says the skipper from the bridge. The tripod on the bow is empty now, but by spring it will be fitted with four-foot-long metal shafts, with orange grenades screwed to the tip.

The grey-and-white minke whales are hard to spot: only 20 feet long, they rarely spout and their thin dorsal fins hardly cut the water.

Suddenly a shout from the crew's nest: a young whale has been spotted, close to shore by the low tide. The boat lurches round in pursuit, but the whale, 100 yards away, dives. "Sometimes he is cleverer than me," says Olsen ruefully. "I am just waiting for next spring."

The 1987 ban hit the community hard. "It was a great loss in my life," says Bendiksen. "We used to call it whale sickness — the fever that would grip all the men here in April before the season started."

"But the worse damage was to my wallet," he says, grimacing. "The permits were like money in the bank."

Before the 1987 ban, the whalers sold the slabs of bright red meat to traders on nearby Skrova Island for



ment has paid half the cost of new cod nets to help compensate.

But however much the end of the ban is appreciated by the Lofoten whalers, they number only a few hundred. The Norwegian government is the first to say that the motive behind its decision was not money.

Whaling is not actually economically important to us," says Helga Hernes of the Foreign Affairs Ministry. In 1987, the last year of Norwegian commercial whaling, its catch of 387 whales made the country only 18m kroner, around £1.2m, mainly from selling whale meat to

Japan. Instead, it is a question of the right to preserve a cultural heritage, the ministry says, arguing that "Norway has always made its living from marine resources."

Norway's resumption of whaling pre-empted a judgment by the IWC of whether the minke whale had recovered enough from intensive hunting in the 1950s and 1960s to be caught without endangering its numbers. Norway claims that its action is environmentally sound as there are now enough minke whales off its coasts to "harvest" in line with the Rio environmental summit's principle of the "sustainable use of the environment".

Its scientific arguments that the minke is not endangered are good ones — although less complete than it claims — but it has undermined its case by impatient and insensitive diplomacy. This summer the IWC scientific committee formally accepted an estimate, based on Norwegian data, that there are some 88,700 minke whales in the northeast Atlantic. That is a "best guess": the model gives a 95 per cent chance that the total lies between 61,000 and 120,000.

Acceptance of that figure marks a triumph for the Norwegian delegation to the IWC. It had argued steadily that research in 1987 which suggested that only 20,000 whales were left was wildly inaccurate.

Norway says it will self-run the IWC model of how fast minke whales breed and set itself a safe catch limit.

The "finger in the wind" guess from one IWC executive is that the eventual figure is likely to be between 800 and 1,500 next spring, which tallies with the Lofoten fisherman's expectations.

So far the Norwegian government has refused to comment, thus preventing any serious scientific discussion of whether its chosen "harvest" will be safe for the whales. It seems premature for it to

claim "we have science on our side".

Norway explains its impatience by saying that the IWC has been hijacked from its task of setting safe quotas by countries which are opposed to any whale killing at all. It has some cause for frustration, given the members' past difficulty in reaching agreement. Indeed, the two arguments have often become entangled. But it has done itself no favours in the way it dismisses its opponents' views as "sentimental and emotional arguments based on animal rights", in the words of the foreign ministry.

The proprietor of the *Gammelbu* bar demands "what about Spanish bullfighting? And what about your Prince Philip and his fox-hunting? Why pick on whales — they are not sport".

"Our problem is that in the past two decades the whale has become an urban totem," says Georg Bliefeldt, secretary of the High North Alliance, a pro-whaling lobby based in Reine. "It is cultural imperialism to impose these foreign values on us."

Those arguments have a long pedigree and a catholic set of advocates. The Marquis de Sade, one of the most succinct, declared "morals are geography misapplied". It is fashionable, widely marketed under the label of cultural relativism, to argue that one culture's standards are not preferable to another's. But it is hard for the Norwegian government to claim the moral high ground. It may complain of other countries' taboos but it has itself made a totem out of its whaling traditions, now practised by a tiny fraction of the people.

I ts abrupt rejection of its opponents' arguments also does not do justice to the strength of feeling that whales arouse around the world. Hundreds of thousands of pounds are regularly spent rescuing beached whales, and in the past week a British diver has pledged to raise £50,000 to release a Beluga whale, nicknamed Brightness, into the Black Sea. Both Jonah and Moby Dick, neither urban nor contemporary, point to the history behind that fascination.

Politics is more likely than moral pressure to bring a resolution to the battle. International sympathy for whales may mean little to Lofoten islanders, but it cannot be ignored by the Norwegian government, particularly if it intends to apply to join the EC.

So far the Norwegian stand has been expressed in terms of high principle. But it would be disingenuous for the government to argue that survival of the fishing communities is its only motive; the survival of Mrs Brundtland's precarious minority-government Labour Party, is also at stake. Her party has seen its support collapse in the coastal towns partly because of its plan to take Norway into the EC, which coastal towns see as a

■ Continued Page VII  
Additional research by Karen Fossli

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The Long View/Barry Riley

## Secrets of the drug culture

AMID another wave of Olympic drug-taking scandals there are fears that the problem is spreading to the financial markets. Various novel substances are being tried out, and scientists are racing to develop new detection methods...

Lamotane

A derivative of the drug Majorin, this controversial hallucinogen has pain-killing qualities that enable those taking it to carry on marathons-style beyond the normal limits of endurance. In fact it is almost impossible to persuade them to stop, whatever damage they are doing to themselves or others. Common side-effects include green streaks in the vision which can progress to cause almost complete blindness. Ultimately the drug can lead to permanent deep depression.

Thatcheronol

Has recently appeared at secret acid house parties as an antidote to Lamotane. Produces dramatic clarity in the vision, and those swallowing this concoction achieve a feeling of great certainty and self-confidence. It may one day be legitimised in the UK, but the chances of Thatcheronol ("Blue Hearts") ever being approved in Continental Europe are regarded as non-existent, because of total incompatibility with German cold water treatment.

Devalium

Often taken as part of a potent cocktail with Thatcheronol, or its close cousin Tebtein. Devalium is a version of an old stimulant banned some years ago in most of Western Europe (though still popular in the US and parts of Scandinavia). It comes in two isomers, and L-Frankfurton (currently recommended for application as a 9% per cent solution) is regarded as more significant than the D-form (3% per cent). A disadvantage is that it may take a long time to work, but the Germans are unconcerned about the damaging side-effects. Banned in the US and Japan.

Retas-tartratum

Anti-depressant formula which has a following among certain government ministers and top civil servants. It can, for instance, make unpalatable numbers appear attractive. Often prescribed for economy, and prices can be made to

development, and the product has been withdrawn by the manufacturer and replaced by a weaker version, Naisavertine 2, reckoned to be ineffective.

Maastrichterone

Appeared on the Dutch narcotics scene with much publicity at the end of last year. After injection with this powerful artificial hormone even ageing politicians and European Community officials have acquired aggressive, masculine characteristics and have gained added weight and power. However, newer and even more powerful drugs such as Danabol-N and the still untested Franzenon (due on the market in September) may render Maastrichterone obsolete.

Danabol-N

This powerful derivative of referendol, a traditional Swiss remedy for weakness and indecisiveness last made widely available in the UK by Harold Wilson's second government, appeared unexpectedly in Denmark in June and is believed to have taken European financial markets by storm. Can permit swift muscle-building by small peoples. The Brussels regulators appear to have been taken by surprise but may not be able to rule Danabol-N illegal.

Frankfurtone

Slap-on anti-inflammatory remedy widely used in conjunction with German ice-cold water and mud-bath therapy. It is considered excessively powerful by many other Europeans as in some circumstances it can lead to loss of circulation and even partial paralysis. It comes in two isomers, and L-Frankfurton (currently recommended for application as a 9% per cent solution) is regarded as more significant than the D-form (3% per cent). A disadvantage is that it may take a long time to work, but the Germans are unconcerned about the damaging side-effects. Banned in the US and Japan.

Divimor

Pleasure-enhancing extract which has been very popular amongst unit trust companies and pension fund managers. But manufacturers are being forced to cut output because of a shortage of ingredients. Addicts could face some rather nasty withdrawal symptoms.

appear low though they can vary according to interest levels. This treatment came under suspicion when it was applied to large numbers of unemployed people and many mysteriously disappeared, but nothing was proved.

Inrolin

Mind-bending drug from Maxwell Laboratories rumoured to be taken by financial regulators to relieve the tedium of their job. Tell-tale signs include a tendency for the eyes to glaze over and the head to nod uncontrollably up and down. Highly addictive, although abusers may eventually be switched over to the less damaging Sibutrin (large doses are now considered necessary under a new regime). If the Inrolin addict does not respond quickly, early retirement may be the only practical answer.

Programmerol

An alternative pick-me-up treatment enjoying something of a vogue amongst computer software engineers, the joke being that they need it to help them cure computer viruses. The most significant effect is a tendency towards optimism which causes addicts to build strong recoveries into economic models and this may explain some of the recent errors by City forecasters. But now most are said to be back on nothing more mind-bending than aspirin.

Electrolon

Detoxification treatment designed to cleanse the system of controversial elements. If this works the drug user can then expect four or five years in which he can go back to his bad old ways before being tested again. For instance, John Major appears to have survived tests for Lamotane and, rumours have it, Maastrichterone (though some believe he opted out of this particular treatment) but in the US George Bush may not find it so easy. He is reckoned to be something of a *devalium* junkie.

Divimor

Pleasure-enhancing extract which has been very popular amongst unit trust companies and pension fund managers. But manufacturers are being forced to cut output because of a shortage of ingredients. Addicts could face some rather nasty withdrawal symptoms.

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## MARKETS

London

## And now for yet another sterling effort

by Maggie Urry

*To Mr Roger Gibbs, chairman of Wellcome Trust:*

I hear you are looking for someone to manage the £2bn-plus cash you raised this week when you sold 270m of your Wellcome shares. I would like to apply for the job. Perhaps I should tell you the way I am thinking about the stock market just now, and give you some idea of how I would invest your money.

I know you want to increase the yield you get on your investments so that you can spend more on medical research. I understand you are planning to put £500m or so into an indexed fund to start off with, and hope to get about 40 per cent of the cash into equities over the next nine months. You will be putting the rest into fixed-interest stocks. Then, I hear, you are looking to have about 30 per cent in shares two years from now.

Well, I have to say I cannot see out two years at the

moment. My horizons have got rather shorter of late. In fact, I am not sure I can see anything beyond the next few months.

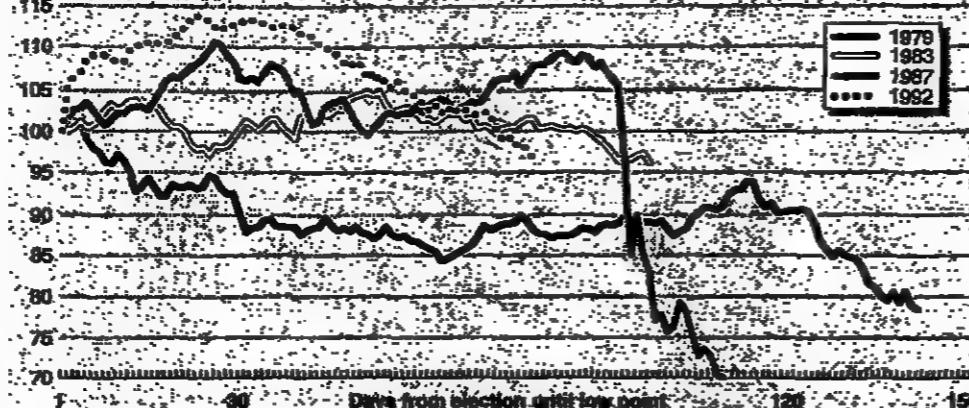
It strikes me that the recession is turning even nastier. Look at the man in the street. House repossessions are still bad and mortgage arrears are rising, so where does that put the consumer-led recovery? The CBI survey this week showed that companies are not thinking about the stock market just now, and give you some idea of how I would invest your money.

Everyone thought that company chairmen would be making more optimistic noises over the next few weeks as they announced their interim results. But, already, we have had some gloomy remarks.

Take ICI. Sir Denis Henderson is a clever chap. He managed to get his own share price up by saying he was thinking about demerging the business. At the same time, though, he hit the market with news that profits were down and would have been much worse but for the redundancies his company has made. Trading is still weak, he says, and he cannot

## Post-election blues

FT-A All-Share Index released



Source: Datamonitor

Days from election until low point

predict the end of the recession.

And listen to what the banks are saying. Midland and Lloyds both reported figures this week. Although bad debts are down a bit, activity is at a low level. New loans are not being made at anything like the rate which would suggest that companies are beginning to expand again.

Now look at the equity market. It has been riding pretty well non-stop since post-election euphoria ran out in May. True, it did bounce for a couple of days this week and reached 2,423 on Wednesday. But, by last night's close, the Footsie was back under 2,400 at 2,396, up only 24 on the week.

The rally on Tuesday and Wednesday was down partly to you putting some of that cash into the market. Wall Street was going up, too, which always helps. And, on Wednesday,

day, BAT Industries announced a big rise in earnings. I would not read too much into BAT's profit increase, though; much of it was just recovery from the dreadful losses it had made on its mortgage indemnity insurance.

So, I reckon that rally was just a brief respite in the downward trend. I have to admit here that I got that idea from Nick Knight, the Nomura strategy guru. He was right to be bearish when most of the other stockbrokers were trying to get people to buy shares after the election. Now that the others have reduced their forecasts for the market, he has cut his again.

He has worked out that, in each of the past three election years, the market has fallen quite sharply from a post-election high. The average fall is 21 per cent. And, so far, the Footsie has fallen only 12 per cent from the high in May. So, he says, it would have to go down to about 2,150 just to fall by the average. What would drive the market down that far, you ask? Well, Nick thinks the UK is heading for a sterling crisis (you remember them, we used to have them regularly before the pound went into the European exchange rate mechanism).

Sir Denis of ICI and Brian Pearce at Midland Bank both put in their car on Thursday, saying we should devalue sterling in the ERM and then interest rates could come down. Sir Kit McMahon was saying much the same thing in the *Financial Times* 10 days ago and he used to be number two at the Bank of England, so he ought to know. It gets rather hard for the government to maintain

any credibility for its stance on the exchange rate when top people are saying that sort of thing. And Norman Lamont does not seem to be doing a great job as chancellor of the exchequer in calming fears; all this makes it a good time to save and a bad time to borrow.

Many people, of course, are struggling to meet their present interest payments. But

basic-rate taxpayer, the annual gain would be £1,500.

Now, some might claim they

can do better with their savings than simply leaving them in the building society.

But they would have to

10 per cent and inflation under

4 per cent, real returns are

over 6 per cent, very high by

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Many people, of course, are

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cost debts as credit cards and

overdrafts, not neglect mortga-

ge repayments as a way to

improve their finances.

There is generally little

point, tax distortions apart,

from having borrowings and

savings simultaneously. Obvi-

ously, you should have some

"rainy day" savings to meet

unforeseen bills and spending

on holidays or a new car. But

it is highly unlikely you ever

will get as much interest on

your savings as you will pay

out on your borrowings. This

is especially true now as build-

ing societies seek to widen the

margins between savers and

borrowers.

What is more, the income

from your savings normally

will be taxable whereas the

interest payments on your loan

(except the first £50,000 of a

mortgage) will not be tax-de-

ductible. The result is a hefty

net loss to you.

Take someone with a £35,000

mortgage who is paying a rate

of 11 per cent. He is a top-rate

taxpayer who also has £10,000

in the building society earning

10 per cent gross - a net rate

of 6 per cent. If he took £2,000

out of the building society to

pay down the mortgage, the

resulting loss of interest

income would be £200 a year.

But the mortgage interest sav-

ing would be £550 a year, a net

annual gain of £350. For a

## Serious Money

## Why it pays to cut back a mortgage

By Philip Coggan, Personal Finance Editor

T HE AVERAGE Briton

is saving, not spending, and reducing his debts, according to the statistics. This shows a lot of sense.

With interest rates at 10 per cent and inflation under 4 per cent, real returns are over 6 per cent, very high by historical standards. Unemployment is rising and people are afraid of losing their jobs; all this makes it a good time to save and a bad time to borrow.

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But the mortgage interest sav-

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taxpayer who is saving, not

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debts, the annual gain would

be £1,500.

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them in the building society.

But they would have to

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under 4 per cent.

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Now, some might claim they

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## FINANCE AND THE FAMILY

cut  
age  
Editor

## Equity risks put damper on prospects

**Philip Coggan surveys investment potential in world stock markets**

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**H**OW SAFE is it for private investors to risk their money in the world's stock markets? There was some cheer this week when the FTSE 100 rose nearly 50 points on Wednesday. But the UK market has fallen substantially over the summer, the Japanese market has been in retreat and the US market, although strong, is trading on valuations that would deter many British private investors.

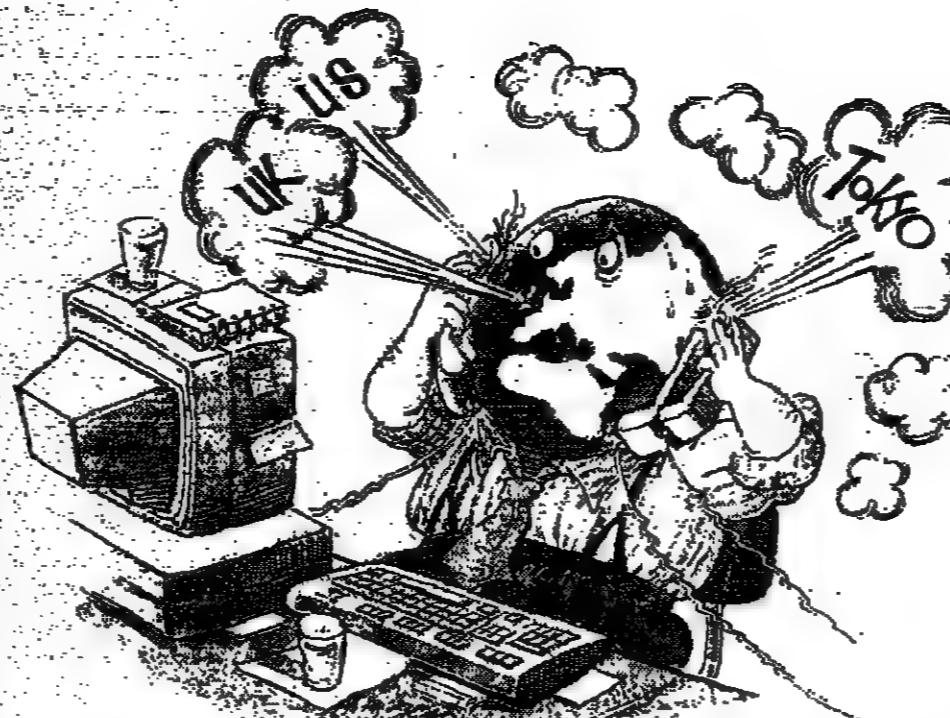
Some think that the world economy is facing one of its deepest periods of crisis. Economist Andrew Tylecote spells out the arguments in another article on this page.

The bears claim the excesses

of the 1980s are having their repercussions now. Companies and consumers are struggling to pay off debt; as a result, economic growth is sluggish. The problems are widespread.

In Japan, the Tokyo market is now 80 per cent below its peak at the end of 1989. Each time foreign investors have proclaimed that the bottom has been reached, the market has proved them wrong. Successive interest rate cuts, including one this week, have failed to produce a revival.

Late in the 1980s, many Japanese stocks commanded stratospheric price-earnings ratios with the market p/e reaching 62 at the end of 1989, according to Datastream. Even after the



recent collapse, the ratio is still over 30, well above the level prevailing in the UK.

There have been repeated worries that the fall in share prices would cause problems for Japanese banks, which have large equity holdings. Given the role that Japanese

investors play in the international financial markets, a banking collapse in Japan could have major repercussions on the world economy. "You would have to observe that the risk of a major financial dislocation rooted in Tokyo is higher today than ever before," says Nick Train of GT Management.

Even the Japanese economic miracle is looking tarnished, with only 3 per cent GDP growth expected for the year - low by historical standards.

■ Britain: Despite this week's mini-rally, the post-election euphoria has definitely worn off. Traders assumed that the return of John Major to Downing Street would restore consumer confidence and spark recovery. Instead, the chances are that 1992 will see a further decline in GDP.

Sir Anthony Bamford, of the privately owned JCB Group, has long been a fan of Tarmac. As a non-executive director, he has been buying shares since last October when he paid 16p. His latest purchase, at just 70p, comes after a period of considerable uncertainty for the building materials sector.

John Haggas, the textile group, appears to have emerged from recession rather earlier than most manufacturing companies. In July 1991, finance director Martin Scriven and Steven Barker bought shares at 58p. The same two have been buying again, this time paying between 104-106p.

■ United States: Although Wall Street has flirted repeat-

edly with its all-time high, the economy has struggled to live up to the stock market's optimism. Successive reductions in interest rates have produced only weak economic growth, as shown by the 1.4 per cent second-quarter rise in GDP. But with short-term interest rates not much over 3 per cent, equities still look attractive vis-à-vis cash. "US stock prices reflect the most favourable monetary conditions that have existed for 30 years," says Bill Smith, equity strategist at BZW.

With the p/e ratio above 20,

some feel that the US market is vulnerable to bad news, such as a defeat for George Bush in November's election. In view of all these risks, many cautious investors may feel safer sticking with the generous real returns available from the building society, gilts or national savings.

Hardened contrarians may feel that, with all this gloomy

news around, this must be a good time to buy shares. Certainly, the FT All-Share is yielding more than 5 per cent at the moment, a traditional sign of value in the equity market. BZW's Smith is looking for lower interest rates and earnings growth in the UK over the next year. But with the risks so high, only brave investors would plunge into the equity market. Cautious contrarians might try the safety-first method of investing via a monthly savings scheme.

## The downswings that should worry us all

**O**NE OF the phrases spoken most often during the recession is "What goes down must come up." But how far down, and how soon?

The optimistic assumption is that we are in a short cycle recession of 10 or 11 years, so that we are repeating the recession of the early 1980s and will have another mid-to-late decade boom before long. Unfortunately, there is good reason to think that there are also two longer cycles at work.

The first the downswings of which are nasty enough on their own, is the Kuznets or long swing, some 18-19 years in length. The long swing is notable for movements in land prices and in building and credit. The upswing encourages land speculation, driving up asset prices and producing a bubble of over-expanded borrowing. When the bubble bursts, there is a very sharp contraction of credit.

Growth can resume only after a painful sequence: a long fall in land and asset prices; the return to health of corporate and personal balance sheets; and, finally, the return of confidence.

The last Kuznets downswing began with the crash of 1973-74, and the early 1980s certainly resemble the mid-1970s in the land and financial markets - with one important difference.

Then, inflation brought borrowers' real debts down quickly and land prices back up, so the upswing could resume. There is no reason to expect such a shortening of the downswing this time. But this downswing, like the last, will take place within the same downswing of the Long Wave.

The Long Wave, or Kondratieff cycle, is a matter of more debate. Many economic historians deny its existence altogether. But there is an ominous resemblance between the slowdown in world growth since 1974 and that of the interwar period.

Both long-wave downswings began with an international crisis (1914 and 1973) which dealt the first blow. Meanwhile, a technological revolution was nearing completion

which, for a time, enabled one leading nation - the US then, Japan now - to drive forward while others were faltering.

The early diffusion of the new "technological style" helped to stimulate growth during a Kuznets upswing (mid-to-late 1920s, mid-to-late 1980s) but it exacerbated a dangerous trend to inequality.

This was manifest internationally. The technological leader became creditor to the world, and the poorer countries got mired in a debt crisis. It was also developing domestically, with the rich getting richer and the poor poorer.

"When the rich get too rich, and the poor too poor, something happens," as the Chinese proverb says. Demand becomes insufficient, for the rich do not spend as much of their income as the poor. Even the rich suf-

budget and trade deficits.

The Kuznets swing is most violent in countries where financial institutions are regulated least tightly. In Japan, frenzied speculation drove land and stock prices to extraordinary heights. In 1990-91, the bubble burst with a vengeance.

The parallels between the Japanese slide and the US slump after 1929 are alarmingly close: a financial implosion is taking place in the world's greatest creditor. At least governments and central bankers understand better what to do the second time around. This factor may, however, be cancelled out by another. After 1929, the US was one of the worst sufferers from its crash, and so had a strong interest in action. This will not be true in Japan for some time.

The implosion will not cause mass Japanese unemployment, nor does it pose an immediate threat to the major industrial companies. Within Japan, it is almost being welcomed as a overdue purgative.

It is the effect outside Japan which is terrifying: Japanese trade surpluses, previously recycled by private capital outflows, will soon be huge and the outflows much diminished. Japan's trading partners will see their deficits rise further and their activity levels fall. If the implosion causes a massive withdrawal of Japanese funds, their financial systems will be gravely weakened.

It is only the reaction of trading partners which will inflict real pain on Japan's main decision-makers and drive them to fundamental restructuring.

Meanwhile, the agony of the double downswing will be compounded. The Kuznets downswing eventually will work itself out naturally; but to end the Long Wave downswing will require fundamental reforms. What they should be is another story.

**Andrew Tylecote**

■ Andrew Tylecote is a senior lecturer in the department of economics, Sheffield University management school and author of *The Long Wave in the World Economy* (Routledge, 1992, £40).

### DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USA)

Company	Sector	Shares	Value	No. of directors
BWD Securities	OffP	40,000	22	2
Courte Furnishers	Stor	44,000	143	34
Denparts	Prop	80,000	25	1
Dunhill	Stor	15,700	57	1
Headline Book	Med	8,700	16	1
Marting Ind (NPD)	OffP	11,942,572	60	1

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (\*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 20-31 July 1992.

Source: Directors Ltd, Edinburgh

### Directors' transactions

AT LAST, directors are showing their true form. With the market seemingly in inexorable retreat, a surge of buying by directors was long overdue. In the week of July 20-24, it duly arrived - in emphatic fashion.

■ Sir Anthony Bamford, of the privately owned JCB Group, has long been a fan of Tarmac. As a non-executive director, he has been buying shares since last October when he paid 16p. His latest purchase, at just 70p, comes after a period of considerable uncertainty for the building materials sector.

John Haggas, the textile group, appears to have emerged from recession rather earlier than most manufacturing companies. In July 1991, finance director Martin Scriven and Steven Barker bought shares at 58p. The same two have been buying again, this time paying between 104-106p.

■ United States: Although Wall Street has flirted repeat-

edly with its all-time high, the economy has struggled to live up to the stock market's optimism. Successive reductions in interest rates have produced only weak economic growth, as shown by the 1.4 per cent second-quarter rise in GDP. But with short-term interest rates not much over 3 per cent, equities still look attractive vis-à-vis cash. "US stock prices reflect the most favourable monetary conditions that have existed for 30 years," says Bill Smith, equity strategist at BZW.

With the p/e ratio above 20,

some feel that the US market is vulnerable to bad news, such as a defeat for George Bush in November's election. In view of all these risks, many cautious investors may feel safer sticking with the generous real returns available from the building society, gilts or national savings.

Hardened contrarians may feel that, with all this gloomy

news around, this must be a good time to buy shares. Certainly, the FT All-Share is yielding more than 5 per cent at the moment, a traditional sign of value in the equity market. BZW's Smith is looking for lower interest rates and earnings growth in the UK over the next year. But with the risks so high, only brave investors would plunge into the equity market. Cautious contrarians might try the safety-first method of investing via a monthly savings scheme.

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(2)Mr/Mrs/Miss \_\_\_\_\_

Address \_\_\_\_\_  
Postcode \_\_\_\_\_ Tel. \_\_\_\_\_

Signed (1st applicant) \_\_\_\_\_  
Signed (2nd applicant) \_\_\_\_\_  
Cheques should be made payable to  
The London Fixed Rate Account.

If you require monthly interest, please give  
separate details of your bank account or  
C&G account to which interest is to be paid.

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It's likely to bring a smile to your face.

Remember that the value of your investment may fluctuate and you may get back less than you invested. The past is not necessarily a guide to future performance and the tax treatment of PEPs may change in the future.

\*Source: BZW Investment Trust Service (1st May 1992) based on mid-market price.

To Stewart Ivory and Company Limited, 45 Charlotte Square, Edinburgh EH2 4HW. Telephone 031-226 3271. Please send me full details including the financial results of Saints.

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## FINANCE AND THE FAMILY

## Keen to study the student market

John Authers looks at the carrots banks will offer to win the business of school leavers

**T**HE NEW academic year approaches and the banks are homing in on students.

Bank customers are deeply reluctant to move their accounts, so signing up a student can be the key, for the bank, to a long-standing lucrative relationship.

However, banks are now much more sophisticated in the way they target students and school leavers. Students themselves are more conservative and sensible in their approach to finance than they were ten years ago. According to research conducted by Barclays and the National Union of Students, they are acutely conscious of debt, dislike it, and are not as confident as they used to be of a high starting salary when they graduate, to pay off the overdraft.

Barclays' research paints a picture of a "carefree fresher" spending money happily at first. The "end of the honeymoon" sets in when they first have to borrow, which usually happens in the first year. This deteriorates into "final year blues", possibly even followed by a disillusioned graduation.

The research suggests that a third of students are in debt at any one time, while Barclays according to students, graduate owing on average £1,100. Only 25 per cent of student debt by value is with banks. The most, 31 per cent, is with

the government's Student Loan Company and 21 per cent comes from parents. Credit cards take up 6.5 per cent.

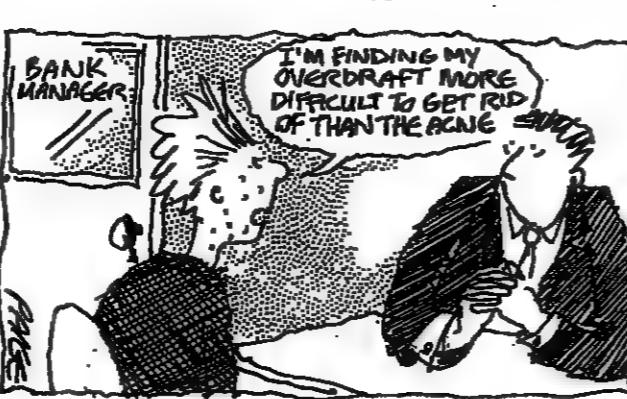
These figures show why banks have decided to withdraw some of the "freebies" with which they entice students. Free overdraft facilities have now been put to the fore.

Students can now expect an interest-free overdraft of £100, for the full term of their study. Last year some banks, including Barclays, only offered free overdrafts for the first year, but it is now usually extended.

Students can also expect charge-free banking and some degree of interest, while in credit, and at least one plastic card. Policies over issuing credit cards still vary, as the chances of serious bad debts in this area are obviously considerable.

However, students off on a rail trip around Europe during the vacation can expect preferential rates on foreign exchange.

School leavers who go straight into work tend to take an even more conservative approach, and are deeply averse to borrowing. Consequently they can expect more in the way of "goodies", but much less in the way of cheap borrowing facilities. School leavers will ideally be going into full-time employment, so cheap credit should be less important to them. Also, banks



are reluctant to encourage borrowing in such young consumers.

The main offers are as follows:

■ **Abbey National** aims at youngsters in general and makes no special offers for students, beyond a preferential rate of interest on overdrafts — the APR is 14.5 per cent for students, compared with normal rates of 24.4 per cent for authorised overdrafts and 34.4 per cent for unauthorised.

Its package for youngsters in general is more competitive. Abbey offers Visa Delta debit cards, and access to Link machines, along with Saturday opening in 95 per cent of branches (useful for 16-year-olds in their first job). The goodies are a free driving test and 35 per cent of the next five lessons, for those who do

not already have a driving licence, and £15 in BP petrol vouchers for those who do.

■ **Barclays** has an interest-free overdraft of £300, less than the other clearers, which will be available throughout the course of study. It also offers free banking, and the opportunity to apply for a free Barclays Connect debit card, and a free Student Barclaycard.

Successful applicants for the latter will receive a £250 credit limit with eight weeks' interest-free credit, and a choice of the following goodies: a clock radio, a travel bag, or a £5 Our Price voucher.

Barclays' chief "treat" for all students opening an account, is a £10 voucher for Our Price records.

The bank has also set up a system of student business officers, and a free interview for financial planning advice during the first year of study, and a "Highline" card

which works as a cheque guarantee and cash-point card.

■ **Lloyds** is offering a £400 agreed overdraft for the full term of study, with a reduced interest rate (15.3 per cent APR) on larger advances. Banking is free whether in credit or overdrawn. Gross interest of 6 per cent monthly is payable on credit balances.

Goodies include a £100 Persons Railcard, commission-free currency and travelling cheques, and a free Eurocheque card. There is no cash gift.

■ **Midland** is offering an interest-free overdraft of £400 for the full period of study, along with a £50 cheque guarantee card, which also works for cash machines and as a debit card. Banking is free while in credit and free "financial counselling" is also available.

Goodies include £15 in cash, commission-free Thomas Cook travellers' cheques and currency transactions, and eligibility for charge-free Access and Visa cards up to a maximum credit limit of £250.

■ **National Westminster** announces its package next week. It is likely to match the standard £400 interest-free overdraft for the full term of study. Last year's cash gift was £30 and it is unlikely to be increased.

■ **Royal Bank of Scotland** offers a £400 interest-free overdraft for only the first year of study, and a "Highline" card

available for under-18s.

which works as a cheque guarantee and cash-point card. Banking is free whether in credit or overdrawn. Gross interest of 6 per cent monthly is payable on credit balances.

Goodies include a £100 Persons Railcard, commission-free currency and travelling cheques, and a free Eurocheque card. There is no cash gift.

■ **TSB** maintains more of a "goodies" policy than its rivals, and is also keen to stress the 7.5 per cent gross savings rate it offers on current accounts, which it claims is currently the market leader. Students get their £400 interest-free overdraft facility, which is available until the September of their final year of study. They also get a Speedbank multifunction card.

The goodies include a £15 voucher and six 10 per cent discount vouchers for Olympus Sport, plus a free driving lesson when booked as part of a course of ten with a participating member of the Motors Schools Association.

All of these, apart from the overdraft, apply to school leavers aged between 16 and 20.

Eleven to 15-year-olds receive the TSB FirstSave account (current interest 7.25 per cent), along with six 10 per cent discount vouchers for Olympus Sport and six 10 per cent discount vouchers for the Fosters clothes store. Similar passbook based accounts are available for under-10s.

## COMPANY NEWS SUMMARY

## TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share*	Market price*	Price before bid	Value of bid £m**	Bidder	
<i>Prices in pence unless otherwise indicated</i>						
Henrys	66	62	24.97	Cowle (T)		
JS Pathology	175*	153	23.06	Coming		
Magnetic Materials	54	55	11.71	TT Group		
Manders	241	238	23.7	Kalon		
Microlec	11155	105	113	14.82	Meggit	
Penny & Giles	31095	255	235	29.91	Bowthorpe	
Templeton Growth	557*	295	295p	\$913m	Franklin	
Tyne Tees TV	296	267	234	30.71	Yorkshire TV	

\*All cash offer. \*\*Cash alternative. \$For capital not already held. Unconditional

\*Based on 2.4m shares. \*\*Total value (£ million)

Value per share, £478m (total value)

Dividend per share, 5p (3.75)

Market price per share, £478m (total value)

Pre-tax profit, £478m (total value)

Earnings per share, £478m (total value)

Dividends per share, £478m (total value)

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Earnings per share, £478m (total value)



## THE BARCELONA OLYMPICS

OLYMPIC NEWS IN BRIEF  
Livingston says test results 'a mistake'

British sprinter Jason Livingston, sent home from the Olympics after failing a prior dope test, has vehemently denied using steroids.

"I have never, never used steroids," Livingston said. "I abhor the use of drugs in sport. I pleaded with the officials until I was blue in the face."

"The test result must have been a mistake and even the British manager backed me," Livingston, 21, said in an interview published in the South London Press newspaper. Livingston is to appeal against the suspension.

Livingston said the only medications he took before his positive dope test were vitamins, paracetamol and a protein replacer to help recover after a cold.

Livingston was scheduled to run in the 100 metres relay. But he was suspended by the British Olympic Association and sent home on Tuesday after tests indicated use of the anabolic steroid Methandienone in a July 15 random test conducted in Britain.

David Mellor, the British Heritage secretary, flew into Barcelona yesterday but refused to condemn the three British athletes, including weightlifters Andrew Saxon and Andrew Davies, sent home after failing drug tests.

Speaking at the Olympic Village, he said some people might think it sad that his visit came against the backdrop of the athletes' dismissal.

"Although the results of the tests plainly vindicate the decision to send them home, we mustn't convict these people until they have had the chance to appeal," he said.

He added: "I condemn anybody who takes drugs. I think that doping in sport is a disgrace and a scandal which destroys fair competition, and I deplore doping in sport."

"But we mustn't rob these men of their rights to a proper hearing," he said, adding that the UK government stood squarely behind the work of British sports organisations to ensure that doping was purged from British sport.

## Christie through



Linford Christie set about re-building Britain's tarnished Olympic image yesterday.

Christie shrugged off the drugs scandal that has shocked the British camp by easily winning his heat of the 100m at the Games' athletics programme started in the Montjuic stadium.

Christie strolled home in heat three with French rival Daniel Sangouen in third place. Marcus Adams also reached the second round.

Ben Johnson, who had fled the Seoul Games in disgrace four years ago because of drugs, returned to Olympic competition, breezing through the first round of the men's 100m. Johnson, running for Canada, was greeted with loud cheers and a few derisive whistles as he was introduced for perhaps his most important race since forfeiting the 1988 Olympic title and a world record because of steroid use.

The crowd's reception annoyed British Olympic Association spokeswoman Caroline Searle. "It's a bit strange to hear Johnson cheered after what happened to us yesterday," she said.

## Fresh air for runners

Barcelona's Olympic traffic regulations are a breath of fresh air for marathon runners.

Pollution in the city centre could fall by 15 per cent now that cars have been banned from the most central streets to stop stand-ups, according to a study being conducted by a Barcelona university in collaboration with German and US scientists.

"We compared a normal day before the Games with a day when the traffic restrictions were in place," team member Lazaro Crimenes said.

More than 30,000 cars a day normally belch out exhaust fumes which clog the seaside air, leaving a hazy smog over the city. In addition, the athletes' village and several sporting venues are within 5km of the city's main waste incinerator which releases fumes as it burns most of Barcelona's trash every night.

Competitors, already battling with sweltering heat and high humidity, earlier complained the sea was filthy and swimming with debris.

## Allan on target for medal

Allister Allan, the 48-year-old Scot who has already won two Olympic medals, made a sound start in the three positional rifle competition.

Allan scored 399 points out of a possible 400 in the prone position to lie second equal with three other competitors behind Nils Petter Hakedal of Norway who shot 400.

Competitors also shoot in the standing and kneeling positions; the best eight go through to the final. Allan won the bronze medal in Los Angeles in 1984 and the silver medal in Seoul four years ago, when Britain's Malcolm Cooper, now retired, won the gold medal each time.

## Stich eliminated

German Michael Stich became the fifth men's seed eliminated from the Olympic tennis when he lost to countryman Carl-Uwe Steeb 6-3 6-3 in a baseline battle played in an on-court temperature of 45°.

Stich, who won the Wimbledon title last year, was seeded eighth in the 64-player tournament.

"That was a very poor performance. Charly didn't win the match. I just kept on giving away breaks," said Stich.

In another second-round match, No. 5 seed Conchita Martínez helped Spain remain unbeaten by upcoming Sandra Cecchinai of Italy, 6-4, 6-3.

## Angola basketball win

Angola earned its first victory in men's Olympic basketball with an 83-83 win over Spain.

The African champions had played well in all their games in their first Olympic appearance except for an opening-game 65-point loss to the US. The win over the host country kept alive quarter-final hopes for both teams as well as Brazil, with one of the three moving on from the six-team pool play.

## Ecuador official dies

An official of Ecuador's Olympic team died of a heart attack early yesterday. Wilson Malo Harris, 61, vice-president of the national shooting federation, suffered the attack in his room in the Olympic village.

It was the third death reported during the Olympics. Peter Karnaugh, father of US swimmer Ron Karnaugh, died of a heart attack while watching the opening ceremonies and officials said another spectator had died.

## Spanish organisation delivering the Games goods

By Keith Wheatley

**S**PANISH yachting has become a metaphor for the nation's Olympic pride. Halfway from the Games, events are going as well as any Spaniard dare hope, with a clutch of gold medal chances at sea and barely a stumble elsewhere. Organisation, backed by investment, is delivering the Olympic goods.

In men's 470 dinghies, helmsman Jordi Calafat and his crew Francisco Sanchez have posted an extraordinary record in the first four races of this most competitive class. Any "Anglo" given to comments about the erratic brilliance of the Hispanic nations has to argue with Calafat's record of three firsts and a tenth. At the fourth-race stage they were 21.4 points clear as overall leaders, with Britons Paul Brotherton and Andy Hemmings in second place.

"We are going to keep taking risks in order to win, but we have to be calm - tranquil enough not to make mistakes," said Calafat ashore after another victory.

In women's 470 dinghies, Theresa Zabell, a resident of Barcelona though born in Ipswich, has posted a record nearly as impressive as Calafat's. A first, second and third have put her in second place overall. Were it not for a

premature start in her first race this supremely aggressive 27-year-old computer programmer, currently world champion in 470's, would undoubtedly be flying first.

King Juan Carlos's passion for sailing has been passed on to his children (the Infanta Cristina crewed the women's 470 in Seoul) and, apparently, the Spanish people. Yesterday he was at sea with his eldest daughter Elena and the King of Greece watching the Soling race. But more important than a royal lead has probably been the sponsorship of the national sailing squad by Fortuna cigarettes.

This division of the giant state-owned Tabacalera tobacco company has provided the yachting squad with around £6m over four years. "Sailors have had a salary, the best boats and equipment, plus two years of sailing out of the Olympic harbour in Barcelona," said an executive.

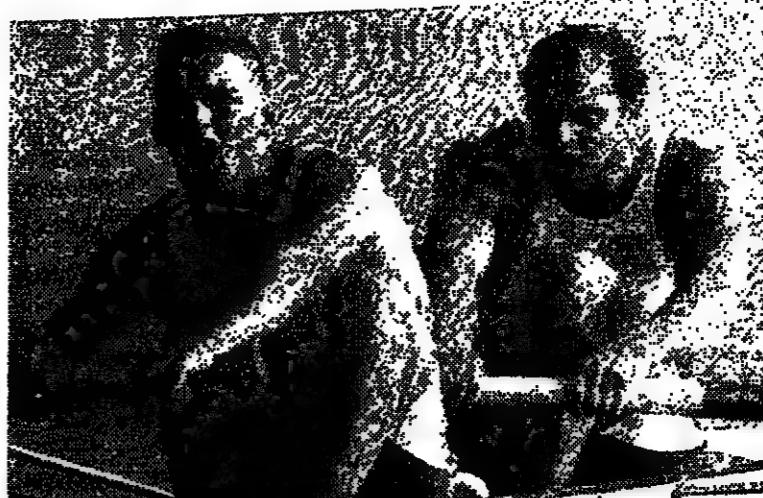
The local Olympic organising committee itself is also benefiting from the undoubtedly success of the Games to date. A week ago Barcelonians were still grumbling about the income tax increases that start on Monday to help pay for the Olympic festival.

However, seven days of praise from ordinary visitors, the media and even the august International Olympic Committee (IOC) has persuaded many citizens to walk tall and not count the cost of the party for a month or two.

The IOC are hot, tired - and loving it. They think the Barcelona Games are splendid," said one official who has been held up with the élite in the closely-guarded Princess Sophia hotel. However, travel to distant sites has been onerous in the heatwave, and the transport provided has tended to be the only weak link in the Olympic chain.

For once the sailors have not been the distant poor relations of the Games. That lot has fallen to the rowers in the lakeside town of Banyoles, 155km north-east of Barcelona. Some of them are unlikely to care. So far it has been a somewhat more successful week for Britain's rowers than the experts had been predicting. Of course, Steven Redgrave and his latest partner Matthew Pinsent can be depended upon like a Swiss watch. In their coxless pairs semi-final they beat main rivals Germany by over two seconds and Redgrave declared himself delighted to have achieved such psychological superiority ahead of today's final.

"We were thrilled to see that the three medallists from the world championships were drawn in our race as it gave us a very good feel for how the final will go," said Redgrave. Tomorrow's men's eight final, an inexperienced British team has done a remarkable job to be ranked third. Many rowers from countries not in the medal hunt will be at least as interested in the plaudits Dennis Oswald, president of FISA, the sport's governing body, unveils later today. Olympic president Juan Antonio Samaranch has been warning rowing for some time that it has too many classes, too many different types of boat and costs too much to fit comfortably into an Olympic movement committed to slimming itself. Oswald may announce a savage voluntary diet.



Gold-tipped rowers: Britain's coxless pairs, Matthew Pinsent (left) and Steve Redgrave, are favourites in today's final

## The planet's biggest party

Nicholas Woodsworth on the shapes and sizes crammed into the Athletes' Village



Rehabilitated: Ben Johnson of Canada in sprint action yesterday. Drugs aside, say experts, what makes a difference at the pinnacle of Olympic sport is a ferocious will to win, not genetics or origins

**Y**ESTERDAY I went for a stroll through the Olympic Village. It is jammed with human beings from five continents and 172 countries. As the number of Olympic events and participating nations grows, so does the variety of human shapes, sizes, colours and physical abilities. The 11,000 athletes gathered here probably form the largest and most differentiated collection of genetic types assembled in any one place in human history.

I ambled past beefy Samoans, mustached Turks, little Indonesians, wild Mongolians, coal-black Sudanese and cool blond Finns. There was even a Liverpudlian or two. If my powers of identification seem miraculous, the explanation is easy: all athletes in the Village wear plastic identity cards around their necks.

What the cards do not indicate, though, is the sport each athlete practices. I began to play my own Olympic game, guessing from body type the sport that each passer-by played.

Some were easy. Sky-scraping black Americans such as David Robinson can only be basketball players. The Australian swimmer I saw could be identified by her broad shoulders, good tan and hair turned a greenish-blond by chlorinated pools.

Marathon runners like Rosa Mota seem to have a thin, haggard look even before they run. High jumpers are the general shape of string beans. Weightlifters such as Turkey's Naim Suleymanoglu have thighs like hams.

Other guesses were more difficult. Really practised sports-soppers, I am told, can even pick out archers. Britain's Steve Hallard, for example, has slightly lop-sided shoulders, thickened fingers and a calloused chin from a lifetime of hefting bows and drawing bowstrings.

Although the Russians once spent much time and effort with a scientifically-designed computer programme to discover the "ideal" athletic type - and came up with 6ft, 14½-stone Olympic sprinter Valeri Borzov - there is not an individual in the world with a morphology that matches perfectly to the countless different physical demands of all sports.

None the less, in a world filled with undulating human variation there are individuals whose exceptional body make-up allows them to excel as sportsmen and women in one field or another.

What makes a top class athlete? The first answer must be genetics. We are either born with superlative athletic ability or we are not. We can improve our bodies to some extent, but not beyond their genetic limitations.

Most of us could train until we dropped and still follow only very distantly in the footsteps of British sprinter Linford Christie, who has a slender physique.

But simple muscle power is not enough. We all have "slow-twitch" and "fast-twitch" muscles. In about

equal proportions. High-performance athletes are different. Sprinters have a very high proportion of fast-twitch muscle for explosive bursts of energy. Sprinters, on the other hand, are all slow-twitch for endurance. Christie could never be a good marathon runner, nor could Kenya's hope for marathon gold, Ibrahim Hussein, be a sprinter.

Does Christie necessarily have the oxygen uptake capacity that all endurance athletes require? Genetics determine our blood's ability to absorb oxygen and carry it to the

muscles. Sprinters or weightlifters do not need high aerobic capacity - they work with oxygen already in their systems - but distance runners, rowers, cross-country skiers and cyclists do.

Physical flexibility is another critical variable. So is hand-eye co-ordination. If there are individuals whose specific physical make-up allows them to excel in certain sports, are there groups of people sharing common genetic characteristics that similarly excel? More precisely, are there certain races that have natural sporting advantages?

In a perfect, just and racially unbiased world, the question would be logical and innocent enough. In the world as it actually exists, it is a question fraught with 1,000 hazards.

Walking around the Olympic Village, one cannot but be struck by the physical appearance of black athletes.

To the eye they are bigger, stronger and more muscled than most other

athletes. In certain sporting events they dominate. In the 100 metres final at the 1981 Tokyo world championships, six

men clocked under 10 seconds. All eight runners in the final were black. East Africans today are leaders in distance running. Blacks are conspicuously absent, on the other hand, in some sports - a black American has yet to win an international swimming event, for example.

I have talked to sports physiologists (they prefer not to be named) who assure me that blacks - African Americans, Afro-Caribbeans and Africans - are indeed better physically endowed than other races.

Many things about them, they say, are different: their bone structure, their body-limb ratios, the length and mass of their musculature, their body fat content, their bio-chemistry.

The fact is, however, that no research on sports performance by racial category has been conducted since Hitler's attempts to prove Aryan racial superiority. Other considerations aside, such studies are politically unacceptable; no research body in the world would receive funding for such studies.

On the other hand, there is much evidence to suggest that superlative sports performance by blacks is socio-economically determined. Kenyan distance runners may excel because they spent childhoods running to school at high altitudes. For many US and British blacks sport has been a ticket out of the ghetto. A winner is accepted into society whatever his colour.

There is also a bandwagon effect in sport. If an American black won a gold medal for swimming, every black kid on the block in Harlem would start looking at swimming pools in a different way, if he had access to one.

But certain sports bring more money and prestige than others. American male volleyball and swimming teams at the Olympics are white-dominated. If they produced as much financial reward and respect among the black American community as basketball, the US volleyball and swimming teams might have as many black stars as US basketball's Dream Team.

Above and beyond sociology, there are two considerations that make a nonsense of racial superiority in sport. The first is that athletes of any colour are not representative of broad racial characteristics. They are 1-in-100 genetic exceptions whose make-up bears no relation to any means or averages. They stand outside racial considerations.

The second is not physiological, but mental. In high-level competition there is little difference between the muscle power, oxygen uptake or coordination of individuals. At this standard of competition, what very often makes the difference between a winner and a loser is mental attitude: a ferocious will to win and the ability to perform under pressure.

This, and not athlete's origins, is what makes Olympic competition the exciting spectacle and massive gamble that it is.

## Take me out to the ball game

Peter Berlin attends a Cuba-America baseball clash

**T**HE Barcelona Games are far too friendly. There are no boycotts and no political protests. Sport's Cold War is over. Instead, the competition is full of plucky, freshly independent little republics. Barcelona is crawling with friendly fans from around the globe. Everyone is cheering, no one is booing.

The public address system plays raucous Cajun and country and western music between innings. And a full house sat until late, noisy, enjoying a slowly and badly played game draw to a predictable close long after the last busses and trains had stopped running.

This niceness is growing wearying. So, this week, I went to the baseball, to see the US take on Cuba. The Americans are

home run by Michael Tucker and two fielding errors. Antonio Pacheco hit a bases loaded home run in the third inning.

Suddenly the Americans began to play like the college kids they are rather than the major league millionaires they will be. They committed one basic fielding error after another. The score only stayed close because the Cubans matched them almost error for error.

Well, not quite everyone. Two rows away sat a group from Palm Beach, Florida, some of them slowly drinking beer. Very occasionally one would aim a cheerful taunt at the Cuban fans.

They were used to Cubans,

said one of the Floridians. "We've got them coming in all the time, floating in on boats, guys who couldn't make this

baseball team."

I sat in an empty seat, notebook in hand. Directly behind me was the biggest and noisiest American. His first yell almost took my head off. His name was Scott Benedict.

Benedict had cast a knowledgeable eye over the Cubans. He had timed them running the previous day and been impressed by their speed. He also approved of their approach. "I like the Cubans. They know how to play the game."

The game ended at 1am, 9-6 to Cuba. Fans from around the world, who had come together to share four hours of medium, applauded, then went their separate ways.

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# Rituals of a truly British summer

*Lucia van der Post with the latest ideas for the great outdoors*

**I**N THE days when these things were taken seriously gentlemen were out of town in the summer, or so the 18th century Gentleman's Handbook of Etiquette informed me... or if he cannot afford to do so, he merely closes his window-shutters, and appears to be gone.

Nowadays, such are the benefits of democratic capitalism, it is not only gentlemen who go out of town in the summer.

Whether it is Cowes or the Open Goodwood or the Cumbrian Hills, Henley or the Scottish moors, the big outdoor events of summer attract everyone from the hot polito to tycoons and aristos.

August usually signals the start of the biggest exodus - what with Cowes, the start under 10 seconds. All 100 entries in the final were black. African Americans, Afro-Caribbeans and Africans - are indeed better physically suited than other races.

Many things about them, they say, are different: their bone structure, body-fat ratios, the length and size of their muscles, their body heat, their bio-chemicals.

The fact is, however, that as research on sports performance by racial category has been conducted by Hitler's attempts to prove Aryans' racial superiority. Other considerations aside, such studies are politically unacceptable; no research body in the world would receive funding for such studies.

On the other hand, there is much evidence to suggest that superior sports performance by blacks is essentially determined. Kenyan distance runners may exceed because they spend more time running to school at high altitudes. For many US and British sports, sport has been a ticket to advancement. A winner is accepted into society whatever his colour.

There is also a bandwagon effect in sport. If an American black wins a gold medal for swimming, even black kids on the beach in Harlem will not be looking at swimming pools in quite the same way. If he had access to the best, certain sports bring more money and prestige than others.

At Holland & Holland, 31 Bruton Street, London W1, there has been a great deal of new activity since it was taken over by Chanel last year.

It has always had a good collection of traditional country wear but, this season it has its first own-label collection, all British-made, on sale.

As women shots are increasingly being allowed to do more on the moor than just see to the lunch, proper shooting clothing for women is a necessity and, in September (sadly not in time for the glorious 13th) Holland & Holland will have tweed jackets which can be teamed with tweed breeches, skirts or trousers in two or three colours.

Chaps, though, can get themselves splendidly kitted out - the shooting suit pictured (above left) comes in two different tweeds. Its particular claim-to-fame is that it has a phytwell, or cross-gartering elastic, across the shoulder blades, making it splendidly easy to raise the arm to take aim. They can be bought off-the-peg or made-to-measure, from £1,350.

Footwear is important.

Before the war, it seems, gentlemen wore leather boots or puttees; today a gentleman might look at Holland & Holland's Churchill shoes, photographed above left.

Made from 100 per cent waterproof traditional mackintosh fabric, it is lined in old-fashioned Austrian Loden - not as breathable as Gore-tex, but warmer and, of course, completely waterproof.

It comes in all sorts of shapes and lengths, from full-length raincoats, to three-quarter length coats and jackets.

Some have quilted linings with detachable hoods, others have special pockets for carrying dog leads, for wet gloves and no doubt even for stuffing away the odd bird.

Prices start at £225. Footwear is important.

fashionably worn both on and off the grouse moor.

Photographed top right are some selections from the collection. A waxed cotton sleeves gilet jacket (£225) is worn over a pure wool crew neck sweater (£125). The shirt is pure cotton (£49), the tie, pure silk (£45) while the brown check plus-twos (less conspicuously full than plus-fours) are in pure wool and cost £150.

Hands and feet get very cold on those damp moors so the soft leather shooting gloves with silk linings sound worth the £65 outlay. The leather-lined Wellington boots are £180. Shooting stockings (never, call them socks) come in various colours and patterns and cost £59 a time while the essential garters are £7.50. Gieves & Hawkes are at No.1 Savile Row, London W1X 2JR.

## The love of killing

■ Continued from Page I  
threat to their cod quotas. In 1972 a national referendum extracted a vehement Nei to EC entry - particularly from the north - and no government has tried since.

Oslo ministers are adamant that the whaling decision is not a bribe to persuade the north to back a new referendum, but one local mayor, Mr Sigbjorn Eriksen of Nordland, welcomes it for the help it will give the fishing communities.

"Whaling will be one of several matters for negotiation if we decide to apply to the EC in November" the foreign ministry says smoothly, but the row is unlikely to have dissolved by then. The government has earned itself a difficult autumn, spoiling a promising though incomplete scientific case with inept diplomacy and isolationist rhetoric.

Meanwhile, the Lofoten whalers look anxiously on. Greenpeace, the lobby group which has made its name by harassing whaleboats, last week tracked down one of Haug's research boats and has since deterred it from killing more whales. Leif Bendiksen, the 84-year-old head of the clan, says "We're all uncertain. It's not sure this will go through. We're just a small nation."

From the porthole of the Malnesfjord Roald Olesen looks out at the sea. "I feel bitter, after hunting for so many years. To be up by Spitzbergen, in your own boat, there is nothing like it. It is my greatest desire to hunt for whales again."

## Time to set sail

**C**OUES WEEK this year will be much enlivened by the presence of the fleet of ten identical 67-ft yachts which will race against each other in the British Steel Challenge Yacht Race around the world starting on September 26.

The race is the brainchild of Chay Blyth who did a bit of lateral thinking on yacht racing.

Whereas most races are determined by a combination of hi-tech nautical engineering and the crew's skill, with very often the competitor with the most money to throw at the problem coming in first, this race, for the first time, pits ten identical yachts (with hulls made from British Steel and designed by David Thomas) against each other.

In other words, the skill, drive and determination of the crew should determine the winners.

What further makes the whole enterprise so interesting is that although each yacht is skippered by a properly-trained yachtsman the rest of the crew on each boat are all amateur volunteers.

They are from every walk of life - dentists, doctors, carpenters, policemen, solicitors, secretaries, vets, crane-drivers, funeral directors, and chefs - each with his or her own reason for wanting to spend the next eight months in some of the most uncomfortable conditions known to man.

All this should give the social set something a little

different to think about as they make their merry way from boat to shore, dexterously changing from seafaring togs to black-tie and back again.

As anybody who has ever been to Cowes knows, the matter of dress is of crucial importance. Real sailing gear should, above all, look properly broken in - nothing too bright or too new should ever hit the deck.

And when it comes to colour there is really no choice - the colours of the Senior Service have always been navy-blue and white and they are hard to beat.

Sensibly, when it came to designing a range of functional, tough sailing gear suitable for every nautical mood from bone-aching arctic winds to scalding tropics, Uffindell & West stuck to these tried and tested colours.

Made by Kent & Curwen, the sportswear specialists, the range offers something for anybody who likes messing around in boats as well as down at home.

Reasonably priced, at £25 for a sweatshirt, £26 for a pique polo shirt, £28 for Bermuda shorts, £38 for jogger pants, it is all good sturdy stuff.

As you can see from the photograph here, the range is for men and women, much of it, like the T-shirts and polo shirts are unisex, but all of it is designed not for show but for comfort and practicality.

It can be bought by mail by telephoning 0793-708888 or by writing to Uffindell & West, PO Box 200, SN2 5BD.

## Hoping for a sales boom

**W**HEN IT comes to guns the trade is hoping for a boom times. The established leaders in the field, James Purdey and Holland & Holland seem to have a head start over their rivals.

Customers from Saudi Arabia, Hong Kong and the US, are happy to join an 18-month waiting list for a pair of hand-built guns and pay £5,500 plus VAT simply to own guns by the halloved names.

Nevertheless, Asprey, the jewellers, in spite of the most unpropitious economic climate, has opened a gun room and now has its own craftsmen building sidelocks to the finest specification.

As Edward Asprey, director in charge of the project, puts it: "With other top London gunmakers around there was no point in us making guns unless we could match them for quality, I believe we have."

"London guns are still sought-after the world-over and with so many of the old names gone we feel quite sure there is room for us in the market, too.

Edward Asprey is a keen shot. He started with an airgun and graduated to shooting in plates thrown by his father with a No. 2 saloon gun. There seems almost nothing he does not know about the sport.

"We have gone to immense trouble to make sure we give value for money. A pair of guns will cost £61,000 (inc VAT) but they will be deep scroll engraved, will be self-opening, hand-built and will be presented in their own double leather case."

With such a new operation (the gun room only opened last November) you might think you could buy a gun in a hurry - alas no, the waiting list at Asprey is already up to 14 months.

Those who are not in need of guns, but are seeking some of the appurtenances the sport requires, might like to know that there are very posh cartridges (from 12 bore to .410 calibre) with Asprey written all over them, as well as immensely chic leather cartridge bags and belts.

Needless to say, like any proper gun-maker, the gun-room will repair and overhaul, doing anything from restocking to rebarrelling.

For clothing, Asprey turned to Gieves & Hawkes, feeling that the expertise of a professional tailor was required. So, there is now an exclusive range of shooting suits which can be bought off-the-peg or made-to-measure.

The gun room at Asprey has its own entrance at 23 Albemarle Street, London W1X.



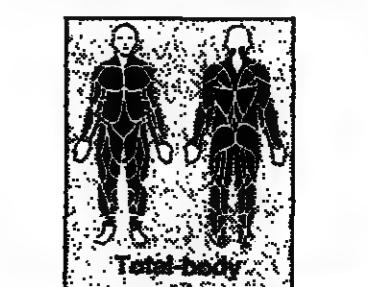
## It's in the bag

**T**HOSE who are heading north of the border might like to know that Hunters of Brora has used three of its sturdy 22 oz Carrot tweeds to make four splendidly rugged looking bags.

Colours are the soft hues of the Scottish highlands - greens, browns, mustards and heather - and the lining is of an olive green canvas. The trimmings are leather. The Weekend Bag, photographed here, is 25 in long by 13 in wide by 10 in deep and sells for £265. Visitors to Brora in Inverness can buy them personally from the shop or tel: 0408-621366.

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## TRAVEL

# To swim in the Dead Sea, first store your Sten gun

DINING on St Peter fish on the promenade at Tiberias, with a bottle of Galan white at my elbow, the waters of the Sea of Galilee at my feet and a sky of black velvet overhead, I was ready to sink into a Biblical reverie.

Then the disco cruiseboat, fairy-lit from stem to stern, came thrashing through the waves. A minute later, two flights of Cobra helicopter gunships, lights extinguished, clattered across the firmament on their way home from a retaliatory raid against the PLO in southern Lebanon.

Was this the "Galilee Experience" promised by the neon sign on the town's main street?

In the ruins of Caesarea, Herod the Great's Roman city on the Mediterranean coast, a party of sixth-formers sat on the broken steps of the amphitheatre to listen to their teacher read from the guidebook. Two of the giggling girls carried automatic weapons and a curly-haired youth waved a sub-machinegun.

Down on the Dead Sea shore a soldier in outsize battle dress wandered into the men's changing room of the spa hotel holding his ticket in one hand and dragging a Sten gun with the other. We helped him cram the oily monster into a tin locker so that he could undress for his swim.

At the foot of the tel at Megiddo, a mound of earth 25 lay-

ers deep in history, a middle-aged couple from the Ukraine played 18th-century violin duos. These genteel buskers in the ruins of Armageddon, scraping a living within earshot of King Solomon's stables, were unemployable Zionist refugees in the modern state of Israel.

In spite of its profound Biblical associations — ones which still infect the extremes of national politics — Israel is not a country in which nostalgia can be indulged for long without the intrusion of the present.

The five-star sites of Christian pilgrimage, such as Nazareth, Bethlehem or Gethsemane, have been smothered by naive, overblown modern architecture. Even the Church of the Holy Sepulchre in the Arab quarter of old Jerusalem is magnificently vulgar.

But the new can never quite subdue the old. Parts of the Galilee lakeshore remain untouched: you can wander down the grassy Mount of Beatitudes, swim in the cold water and sit watching the ancient fishing vessels with only lizards and rock rabbits for company.

Israel is a poor, progressive and neurotic country where past and present are more entwined than in any other place I can think of. Nothing is more ancient than the stony hills of Judaea and Samaria in the West Bank and nothing

more modern than the regimental lines of low-rent villas that are being spread across them by the expansionist Israeli occupiers.

From the inside, Tel Aviv appears a raucous, modern European city. From the outside it is a sprawling, polluted shambles. In the old city of Jerusalem you can walk, in three places, from the scruffy Arab souk to the triumphantly restored Jewish quarter with its spanking new plazas and

parks.

pigs are raised, and I am sure was not above eating the occasional "white steak" himself.

He stood respectfully to one side as a party of nuns took turns to kiss the stone at the spot where Christ's crucifix is supposed to have stood and was assiduous in his pursuit of other Christian shrines. But it was the fence at Metulla where soldiers slept in the sun after night patrol in Lebanon, or deserted barracks of the Golani Heights — that he really came alive.

We scrambled over a bunker, now tourist showpiece, from where the Syrians used to lob mortar shells into the kibbutz below. Why, I asked him, were women and children allowed to live within range of the Syrian artillery, or of the Katyusha rockets from Lebanon, or of the PLO guerrillas who crept through the perimeter fence at night to cut their throats?

"This is our land," he replied. "Should we not be allowed to live on it?"

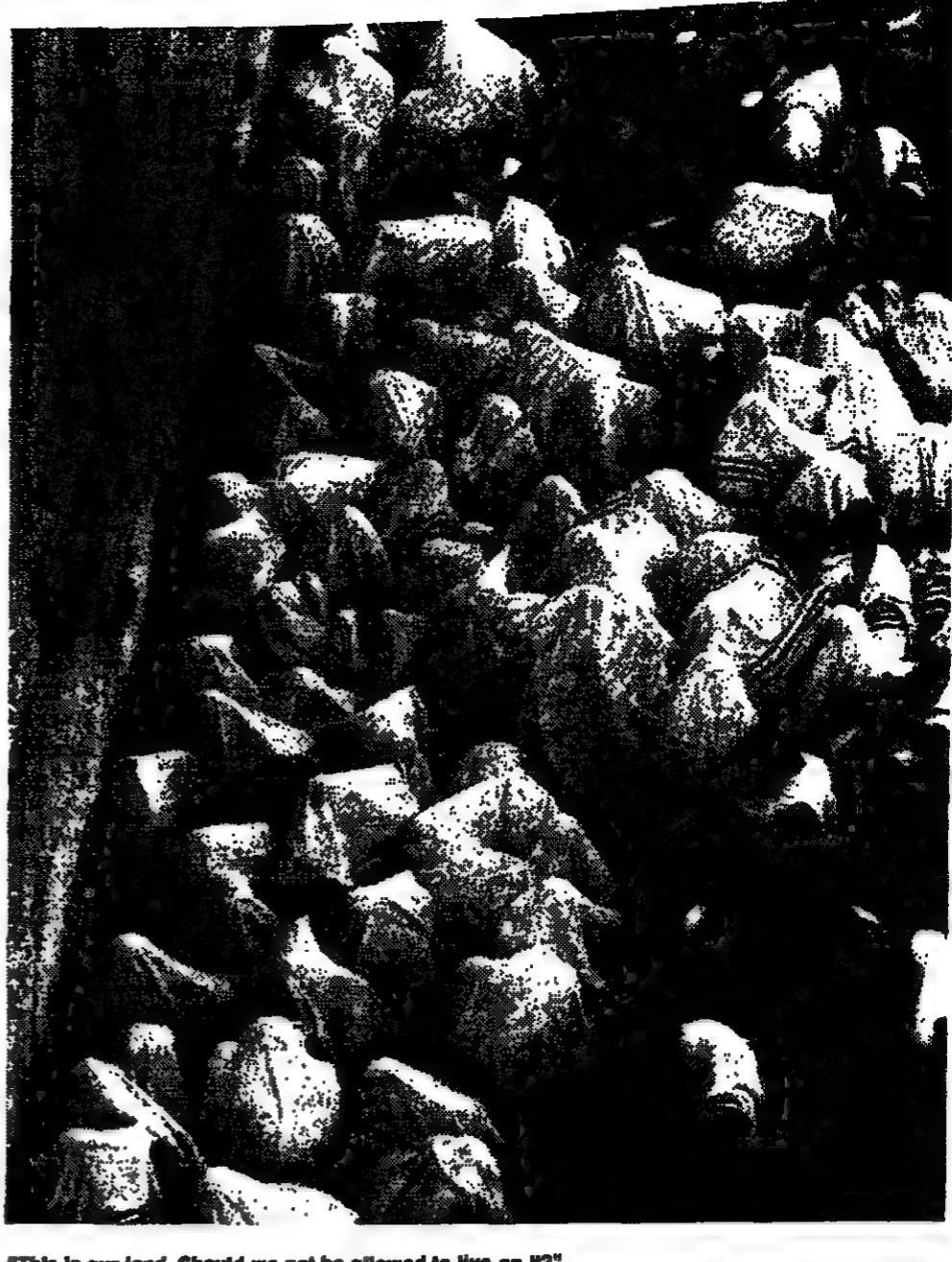
He exhibited a characteristic Israeli chauvinism, not necessarily or primarily anti-Arab, in which everything built or planted since 1948 was due to us." Here you see an Arab village," he would say, "but up here we are building a Jewish village. One day it will be a big town." Or: "Here we have planted eucalyptus trees; there we are growing new kinds of

## Christian Tyler is intrigued and exasperated by Israel

condominiums.

Israel has treated their past well: their museums must rank with the best in the West. But it is the present that preoccupies them. My guide, a paratrooper when on reserve duty ("elite corps"), said, proudly patting a middle-aged spread

veteran of the 1981 invasion of Lebanon, was irritated and charmingly typical. Like many younger Israelis, he is agnostic, lives in Tel Aviv with a smart wife and would never dream of moving to the holy city so long as the ultra-Orthodox have such influence there. He laughed as he pointed out a kibbutz where



"This is our land. Should we not be allowed to live on it?"

A DUSK falls at this time of year, a group of men dressed in camouflage jackets and hats regularly gathers on Inchy Bridge, a peaceful spot on the Argent river about 20 miles south-west of Cork in southern Ireland.

There is an almost clandestine ritual about these meetings. Names like Connemara Black, Bloody Butcher, Silver Teal, Keyhole, Strawberry Ivy and Big Flat crop up like code-words in the conversation.

Then, as it gets dark, heads

## A dark and mysterious Irish ritual

are counted. There is discussion as to whether lots should be drawn. Most of the dozen that have gathered are locals, but one is a Welshman who has arrived with his teenage son. "We look as though you've done this before," says a voice in a West Cork brogue. The Welshman nods agreement. There are grunts of approval. A few sidelong glances are cast at my denim jeans and shiny, new Wellington boots.

"Yer man here is new. It's his first time. Maybe he should go down by the metal," says another. They decide to draw lots. There is a distant rumble of thunder. Below the bridge, above the steady gurgle of the river, a splash is preceded by the silver flash of a fish as it leaps from the water as it leaps from the water.

These people are fly-fisher-

men. From now until October, the sea trout which is their prize return from their winter ocean habitats to spawn in the upstream pools where they themselves began life just a year or two before. The sea trout is renowned as one of the shiest fish to take a bait, and then usually only at night.

Connemara Black, Silver Teal and Bloody Butcher are the artificial flies that are painstakingly assembled by the enthusiast to resemble the real flies the discerning trout will, on occasion, rise to. I was there, an impressive two hours' instruction in the art of fly casting behind me, to try my luck with the veterans.

The Argideen river is now one of the best sea trout rivers in Ireland, especially since the collapse of sea-trout angling on west coast rivers, which

has been blamed on sea-lice infestations spreading from salmon farms. In May a fishing lodge opened for business on the river, the first and only one of its kind, as permits are jealously controlled by the local anglers' association.

It is owned and run by Tim Severin, the travel writer, explorer and author, who has lived in the area for 20 years. The lodge consists of four cottages built from the converted granary of an old mill. They offer self-catering accommodation for up to six people in each, though only one rod permit is available per lodge. The lodges are fully equipped and tastefully decorated with a view to attracting not just fly fishermen but their families as well. Nearby attractions include horse riding, hill walking and boating.

For the anglers, though, the Inchy Bridge ritual is the focus and start of each night's sport. It is at Inchy Bridge that the fishing spots along the two-and-a-half mile fishery are assigned for the night. Big Flat, Keyhole and Metal are the names given to various deep pools which the sea-trout frequent on their journey upstream. Then, armed with a whippy piece of carbon-fibre, 20 yards of thick, rabbit-like line at the end of which is tied the fly, and a map for newcomers, the anglers step gingerly along the river bank.

The sea-trout taunt: the fishermen swirl and splash in the water, confirm their presence. Flies are cast and drawn back across the pools and current and then patiently recast time and again. A few yards down the river

bank there is a murmur of excitement. "Have you caught one?" whispers an excited voice. "To be sure I have. It's 25 ft long and full o' leaves," came the reply from an angler grappling with a tree behind him in the darkness.

As the night wears on, the leaps of the trout disappear as they tire of the game. Only the swish of the rods can be heard. As night stretches into the early hours, only the optimists remain by the riverbank and even they head for their beds a few hours before dawn. As I grope for the path back to the lodge, there is a swirl of water behind and a loud splash. Then another. I seriously start to believe that sea-trout have a sense of humour.

Not all of them have the last laugh, though. An average of 400 per year have been caught

in the Argideen over the past 10 years. In 1938, one man fishing at Inchy Bridge caught 53 sea-trout weighing 135 lbs, says a leaflet of the Argideen Anglers Association. A donkey and cart was used to carry them away.

Such stories undoubtedly help to enrich a sport that is arcane to most but an obsession to a few. Yet there is an infectious and intriguing appeal about attempting to lure one of these cunning creatures onto the hook, even if you return it to the water again.

Prices range from £145 per week per lodge at either end of the May-October season to £130 per week in July and August, and are remarkably good value.

Argideen Fishing Lodges, Inchy Bridge, Timoleague, Co Cork, Ireland. Contact Tim Severin, tel: (353) 23-46127 or fax (353) 23-46233.

**Tim Coone**

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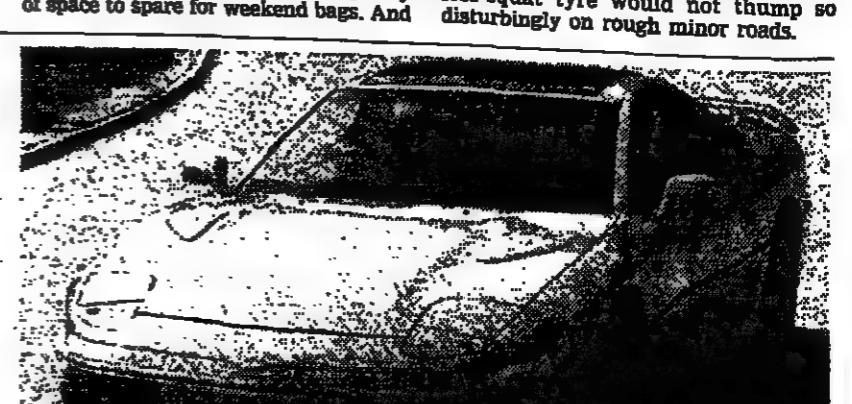
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The UK market for high-performance sports cars and coupes is not what it was. From 11,110 in 1990, it fell to 7,481 last year. Only 2,965 were sold in the first six months of 1992.

Recession, soaring insurance premiums and an increasingly tough response by police and courts to serious speeding are to blame.

## BOOKS

# Pasolini: the theorem completed

*William Weaver welcomes a fresh insight into the director's life*

OUTSIDE Italy, Pasolini is known chiefly, as a film-maker, and beyond any question bear the unmistakable imprint of his vital, iconoclastic, tormented mind. But for Italians – and, I think, for Pasolini himself – his writing, his poems, novels and essays, represented the truer, more complete expression of that mind that exceptional personality.

His letters, too, are self-revealing, and the collection painstakingly assembled and cogently introduced by his cousin, Nico Naldini, forms a fascinating document, not only about Pasolini but also about the Italy of his time (he was born in 1922 and died, murdered, in 1975). Son of an army officer and a school-teacher, he spent his early youth in various northern Italian cities, then remained for most of the war in his mother's native area, Friuli, whose dialect became one of the first serious vehicles of his poetry. His younger brother was killed in the Resistance. Shortly after the war's end, accused of corrupting the young, Pasolini was driven to leave Friuli for Rome.

Rome in the 1950s seemed a

applied; I read it, not without a linguistic struggle, and the first impression was confirmed. I also read a haunting poem in Italian, "The Appenine", and turned it into English: it was his first translation into any language. By then we had become friends: a curious friendship in which his total seriousness always made me feel frivolous, and his steel determination to be a writer (and, it was clear, a famous writer) contrasted with my own aimless uncertainty about a future direction.

Rome in the 1950s seemed a

THE LETTERS OF PIER PAOLO PASOLINI VOLUME I 1940-1954 edited by Nico Naldini, translated by Stuart Hood Quartet Books £25, 326 pages

city of aspiring writers, assaulting the bulwarks of the establishment: the state radio, the respected magazines, the flourishing cinema. Through his friendships (and, of course, his talent), Pasolini was soon on the inside track. He began winning prizes, contributing to reviews like *Paragone*, directed by the awesome Roberto Longhi and his formidable wife Anna Banti, frequenting the parties of another crucial couple, Alberto Moravia (who was to be his lifelong friend) and Elsa Morante. But then, at a certain hour of the evening, he would slip away to his other life, a hidden Rome, where he found not only sexual satisfaction but also literary inspiration.

In the capital's literary salons, he sometimes seemed the ambassador from another, very foreign world. If he made powerful friends, he also made powerful enemies, and with both he could be exorbitantly sincere. Some – too few – of the 420 letters in this first volume have an aggressive frankness that must have taken the recipients aback (the correspondence with the rather



stuffy senior critic Enrico Falqui) has lost none of its sharpness). There are very few "confessional" letters, but those to his perceptive friend and confidante Silvana Mami portray a vulnerable, self-critical youth in pain: these are the letters of a real writer.

Other letters – many other letters – introduce us to the less admirable aspects of Italian literary life, the canvassing for prize-jury votes,

the requests for recommendations and introductions, the reciprocal reviewing and, on occasion, the flattery. Pasolini himself regretted the necessity of these manoeuvres, and – it must be said to his great credit – he wrote as many or more letters on behalf of others as in his

own interest. Still, these time-consuming machinations make slightly unpleasant reading today; and, ironically, a great number of such letters survive while, one suspects, many others, perhaps more personal and more engaging, have been lost or destroyed or not made available to the editor.

Letters, usually written only for one reader, are hell to translate; in facing this immense volume Stuart Hood has worked with insight and sensitivity and, as a whole, his achievement is considerable. Some problems are insoluble, such as salutations and closings: "Carissimo" can indeed be very affectionate, but not always, and similarly "un abbraccio", while it does indeed mean "a hug", somehow sounds more physical in English.

In a few moments perhaps of weariness, Hood succumbs to the lure of *faux amis* (*governante* is not "governess"; *inchiesta* is not "inquest"; *attuale* is not "actual" and an *accelerato*, God knows, is not a fast train). But the feel of the letters is there, and the figure of Pasolini emerges.

Not wholly, of course. To understand him fully, the reader must turn to the poetry, the prose, the cinema. This book – and the companion volume we can presumably expect – will be invaluable supplements to the real work. For, as he knew from the beginning, Pasolini was, before anything else, an artist.

## How Catholics came in from the cold

THE CATHOLIC FAMILIES by Mark Bence-Jones Constable £19.95, 341 pages

LIKE Arlott on cricket or Elizabeth David on cooking, Mark Bence-Jones' books about the British aristocracy are well-known for mixing anecdotes and magisterial knowledge into a marvellously engrossing read. Today, figures such as the Duke of Norfolk and the Marquis of Bute belong so recognisably to the Great and the Good that it is startling to recall for how long Catholics were shut off from the political and official life of the nation.

The first of the series of Test Acts in 1673 debarred Catholics from holding office or sitting in parliament. By 1778, though, the date at which Bence-Jones begins his history, the advantages of not squandering their fortunes in electioneering had left a surprisingly large number of landed Catholic families still prosperous despite a century of recusancy fines, defections to Anglicanism and forfeitures for treason, real or alleged.

Full Catholic emancipation came in 1829, although the first Relief Act of 1778 had made exercising the functions of a Catholic priest or running a Catholic school no longer an offence punishable with life imprisonment.

The next boost to the Catholic cause

came with the Oxford Movement in the mid-19th century when a rash of scandals from Anglican high society had the aristocratic classes gossiping frantically about who was rumoured to be wavering and who was next to fall. Curiously, only Disraeli, among the novelists of the day, seems to have captured the mood of a nation so ill at ease with itself religiously.

Bence-Jones evokes brilliantly the dawn abductions and last-minute conversions which featured in that twilight battle for hearts and souls, so similar in atmosphere (as Graham Greene realised) to the morally ambiguous world of the modern spy thriller.

Like the true story-teller, Bence-Jones knows when to purify his prose. His pages have a habit of saying things like "Se tranquilla, fida mi": his Catholic youths tend to be slim and elegant, women seem to fall into three categories: "pretty and lively", "ugly but

cheerful" or "selfish and mean". If the elegant youths do not develop into devilishly handsome men (Teddy Howard, for example, a cardinal and cousin of the Duke of Norfolk) they become eccentrics like "Silly Willy" (William, 10th Lord Clifford of Chudleigh), "Dirty Bertie" (Cuthbert Riddell of Swinburne), or Charles Waterton who, despite such habits as scratching the back of his head with the big toe of his right foot and pretending to be a dog under the hall table, was furious at being referred to in the Ornithological Dictionary as "the eccentric Waterton".

Combining old-fashioned genealogical history with a marvellous eye for detail, Bence-Jones covers scandals and trials, from Mrs Fitzherbert's dangerous liaison with the Prince of Wales to the dowager Lady Tichborne's search for her elder son, Roger, whom she was determined to believe had not been lost at sea off the coast of Australia and would one day return.

In response to her advertisements in the Australian press, she received a letter from a butcher in Wagga Wagga claiming to be Sir Roger Tichborne, her long-lost son; he had, he said, survived

shipwreck and had lived under an assumed name ever since.

Like the hero of Dardieu's film, *The Return of Martin Guerre*, the Claimant as he was known henceforth, managed to fool most of the people almost all the time despite inaccuracies such as his education at "Winchester College, Yorkshire" (to which the dowager replied: "I think my poor dear Roger confuses everything in his head").

The Claimant's family knowledge and resemblance probably owed more to his being a distant illegitimate relation.

Despite a wave of public sympathy surrounding his trial in 1873, he was sentenced to 14 years' imprisonment.

Turning to this century, with the book's examples of selfless public and, notably, military service, the surface picture is of the Catholic families increasingly merging with the British establishment. The perspective, however, is always double: between London and Rome, dominions temporal and spiritual.

All in all, it is a fascinating history and one which today's whiggishly agnostic historians have neglected to readily.

Mark Archer

## Madonna or whore, spy or victim?

THE FATAL LOVER: MATA HARI AND THE MYTH OF WOMEN IN ESPIONAGE by Julia Wheelwright Collins & Brown £16.99, 186 pages

IN THE spring of 1917 war-weariness was provoking mutinies among French troops and strikes among Parisian workers. Official propaganda blamed the crisis of morale on subversion by enemy agents. At that moment Mata Hari, the celebrated dancer-courtesan, returned to Paris from Madrid. She was arrested and charged with espionage. On the morning of October 15 1917 she was taken from the condemned cell in the Château Vincennes in the courtyard she requested that her eyes be left unblinded and her hands unfixed. As the 12 soldiers of the Zouave Regiment raised their rifles, she blew them a kiss.

In that instant a legend was born. Mata Hari became the archetype of the seductress-spy whose erotic treachery can betray whole nations. Her memory was excreted, and she herself feared: rumour whispered that she had escaped the firing-squad and was still at work. Years later sightings of her were reported, on trains or abroad.

Was Mata Hari spy or victim? In this absorbing book Julia Wheelwright proposes an

answer. In one sense her conclusion is predictable: Mata Hari was a victim, and moreover a victim of predictable kinds of male fears and attitudes. When women are either Madonnas or whores – when they are either symbols of patriotism, like Edith Cavell, or seductive betrayers – there is little mercy for any who break the conventions, as Mata Hari did, and use their sexuality to gain independence.

Mata Hari – Eye of the Dawn in Javanese – made her name as an erotic dancer. In her most celebrated act she claimed that he had been violent, even to the extent of

whipping by priests for disobedience, escapes from an Indian temple and throws herself before a Hindu idol. In the early years of the century such headiness was much in vogue. It was the age of the Salomé craze, Oriental mysteries, the Grecian frieze style of movement, nudity and sex tricked out as art. In an age still awowing although not practising the proprieties, such stuff was dynamite.

It was after a failed marriage to a Dutch officer called Rudolph Macleod that Amsterdam-born Margaretha Zelle went to Paris and became Mata Hari. Macleod had taken her to a German officer, and in the summer of 1914 she did so again while living in Berlin, hoping for work there. She also had affairs with senior French officers, and a Russian one. Accordingly, Georges Ladoux, the French intelligence chief, suspected her of spying, and resolved to make her a double-

biting off both her nipples.

Her career was not smooth. In spite of a succession of lovers and occasional triumphs on stage she was often in need of money. By 1914 her career both as dancer and courtesan was approaching its natural term, and debts were mounting. Perhaps this explains much about the events which followed.

In Wheelwright's view, Mata Hari did not spy for Germany. She came under suspicion because had a predilection for older, influential men, especially Army officers. Before the war she had an affair with a German officer, and in the summer of 1914 she did so again while living in Berlin, hoping for work there. She also had affairs with senior French officers, and a Russian one. Accordingly, Georges Ladoux, the French intelligence chief, suspected her of spying, and resolved to make her a double-

agent. Between them they concocted a bizarre scheme to seduce the Kaiser's son.

Perhaps the French authorities really believed Mata Hari was a German spy. Or perhaps they knew she was merely a fantasist and self-publicist, but elected to use her as a public sacrifice to the hysteria gripping war-ravaged France. She was the perfect target: independent, sexual, threatening, easily characterised as a whore despite her artistic pretensions – a woman both accusable and disposable.

Such is Wheelwright's view. Mata Hari did not spy for Germany. She came under suspicion because had a predilection for older, influential men, especially Army officers. Before the war she had an affair with a German officer, and in the summer of 1914 she did so again while living in Berlin, hoping for work there. She also had affairs with senior French officers, and a Russian one. Accordingly, Georges Ladoux, the French intelligence chief, suspected her of spying, and resolved to make her a double-

biting off both her nipples.

A.C. Grayling

# Magisterial but not infallible

Derek Davies reviews a major new work on China's history which will appeal to the general reader

**I**N WHAT was possibly the most dramatic episode in the life of a gentleman scholar, John King Fairbank, doyen of American China-experts, delivered the manuscript of this history to his Harvard publishers on a September morning last year, and that afternoon died of a heart attack. The only unfinished section of the text was, uncharacteristically, the acknowledgements.

The book is a suitable swan song, probably the best and certainly the most magisterial survey of China's history. It spans the Chinese saga from 200,000 years ago when Peking Man, the hunter/fisher/gatherer and probable cannibal, flourished in caverns a few miles southwest of a contemporary mausoleum housing the mummified remains of Mao Zedong, a much more deadly predator.

Fairbank's book comfortably deals with the huge distances of time and space, knitting the development of Chinese society (or rather of Chinese culture) together with the repetitive patterns picked out with great intelligence and urbanity.

However, this is a work for the general reader and, as such, is largely a summary of Fairbank's life work and a survey of the current state of establishment Chinese scholarship in general. It adds little, apart from the intelligent commentary and perspective he provides, to what those already interested will know.

Fairbank rehearses the social and cultural explanations of what makes up the special "different" characteristics of the Chinese people. The transplanting of rice "certainly the greatest expenditure of muscular energy in the world" in a country where land is economically more valuable than labour sets up a "vicious interdependence" which creates hostility to machines and labour-saving invention, as well as inspiring filial respect in sons awaiting their inheritance.

He contrasts the "culturalism" of the Chinese – a nationalism born of a unified identity defined by the surrounding hordes of Inner Asian "barbarians" – with European nationalism born of contact with other nation states. The Confucian and neo-Confucian

hierarchical social structures are likewise seen as admirable, indeed enviable, reflections of an innate culture.

All such "approaches to understanding China's history" are within the great tradition of western Sinology, where the academic who understands and empathises with Chinese civilisation feels himself duty-bound to communicate his special expertise and adjure the ignorant to make due allowances in dealing with and judging China; this process tends to be a one-way flow. Such attitudes have shaped generations of Orientalists who have reached high positions within the US State Department. Even President George Bush's short posting to Peking was sufficient to persuade him that he has special insights, leading to his insistence that the Tianan-

men massacre and subsequent violations of human rights should not deny China most-favoured nation status in trade.

The same attitudes are rife among the Orientalists mandarins of Britain's Foreign Office (Sir Percy Cradock, for example, who persuaded John Major not to annoy Peking by receiving the Dalai Lama). Hong Kong's retiring governor, Lord Wilson, left the colony angrily denying that his qualifications had predisposed him to "know how" ("dreadful word") to the Dragon Throne.

The Fairbank school helped inspire an academic backlash of revisionists unwilling to swallow the China apologists' arguments. These were frequently exploited by the leaders of such authoritarian states as China, Singapore, Hong Kong and Taiwan, as a rationale for dictatorship and human rights violations ("You do not understand; we Chinese have no democratic traditions"). Much the same has been happening in the field of Japanology, in which modern scholars are increasingly unwilling to explain away single-minded protectionism and market domination in terms of a cultural tendency to seek consensus. But the names of

## Fiction

### Keneally returns to his Booker format

**T**HOMAS Keneally is known best for his 1982 novel *Schindler's Ark* which won the Booker Prize that year and sold more copies than any other Booker winner before or since. It was a heady mix of fact and fiction – so much fact that some people claimed it was not a novel at all – based more or less directly on a real story from Hitler's war. For his latest work, *Woman of the Inner Sea*, Keneally is trying the same thing again, albeit in a vastly different setting.

Names, dates and venues have been changed but the author says the story is essentially true, told to him a dozen years ago and filed for future reference. It tells of Kate, a prosperous Irish-Australian whose marriage to an immigrant construction boss turns sour at the same time as something terrible (it would be unfair to say what) happens to their two children.

Unable to cope, Kate abandons her husband and sets off for the Australian bush. She works as a barmaid in the middle of nowhere and takes up with several different men, one of whom keeps an emu and a kangaroo (Australia's national symbols) as pets. But her husband hires a private investigator to track her down and serve her with divorce papers. The investigator is a thoroughly unpleasant character who punches the kangaroo so hard on the nose that its hind feet rear up and shatter his pelvis. And that is only for starters.

Throw in floods, dynamite, attempted murder, an Oscar-winning film director and a defrocked priest serving five years for illicit gambling and you have the makings of a very whimsical tale indeed. In fact, parts of it would appear to belong in a different book, or even several different books.

Yet, if the story never quite

coalesces as a whole, the main

use of a dramatic situation but has a splendid tale to tell – one which already has won a prize in France and deserves to succeed in the UK as well.

It is a good week for fiction based on fact. Brian O'Doherty is a doctor of medicine and, for his first novel, has recreated a famous medical history from 18th century Vienna. *The Strange Case of Mademoiselle P.* tells the story, in several different voices, of Marie-Thérèse von Paradies, the pianist for whom both Mozart and Salieri wrote concertos.

Blind from the age of three, Marie-Thérèse had given up hope of seeing again until her father took her to the pioneer of psychosomatic medicine, Franz Mesmer. Thus "mesmerised," she regained her sight gradually only to see her playing suffer as a consequence. This endangered her livelihood, prompting her father to look askance at Mesmer's cure. What happens thereafter will be for readers to find out: suffice to say that it is a most interesting story, reconstructed ably by O'Doherty.

Norman Rush has been a published short story writer for more than 20 years, but *Mating* is his first attempt at anything longer. It is set in Botswana in the 1980s, where the author worked for a while, and follows the career of an American woman writing a thesis on nutritional anthropology while looking for the perfect man to sleep with.

The book is billed as a comedy of manners, and the tone is certainly jokey enough. But the author's use of English is clumsy, to say the least, and his command of dialogue almost non-existent. Some writers are long-distance performers and some are not; one suspects that Rush's natural length is the short story, rather than almost 500 pages of often tortuous prose.

Nicholas Best

## PROPERTY



Prescott House, near Cheltenham, Gloucestershire: approached along a private race track

## House with vintage memories

*Michael Hanson on some country properties that have evocative motoring associations*

**T**HIS weekend, the Vintage Sports Car Club is holding its annual meeting at Prescott, the hill-climb course near Cheltenham, Gloucestershire. The event attracts about 10,000 spectators and the fanatical owners of some of the world's most evocative motoring hardware.

The Prescott course has belonged to the Bugatti Owners' Club for 55 years, having been saved from housing development by two brothers, Godfrey and Eric Giles, who bought the 65-acre Prescott estate in 1937 and leased the hill to the club at a peppercorn. The first meeting was held on May 15 1938.

The kilometre of winding track that echoes to the roar of engines at full throttle and the smell of high-octane fuel also is the private drive to the 18th-century Prescott House, which is for sale at £260,000 through the Cheltenham office of Humber (0243 518-339).

Prescott House was the first clubhouse of the Bugatti Owners' Club. It was rented for many years to the BBC's motoring correspondent, S.H. Hartley, until the club

sold it in 1957 to Colonel Ian Cator.

After his death, his son sold it in 1985 to Ronnie Bock, a specialist restorer of Tang dynasty objects using unusual dentistry techniques.

"I love old cars but I am certainly not a Bugatti owner. I have never liked them," says Bock, firmly. "I have just sold a TR3A at an enormous loss but I have acquired a 1923 Star, which I shall use for everyday motoring."

He has restored and modernised Prescott House to make it a very comfortable eight-bedroom residence with garaging for four cars and more than four acres of gardens and grounds. "It must be one of the only houses in England to be approached along a private race track," he says.

Another is next door: the converted stable occupied by David Sewell, curator of the Bugatti Trust Museum, who must hope Prescott House is bought by one of the BOC's 1,800 members.

Nestling in a village in Gloucestershire is another house with motoring associations. Atcombe Court at South Woodchester,

near Stroud, is owned by Victor Gauntlett, former chairman and part-owner of Aston Martin Lagonda. Offers of £750,000 are being sought by the Tisbury office of Humber (0666 502-284).

This beautiful Grade II-listed Georgian building stands in more than 12 acres of gardens and grounds — including paddocks, woods and lakes — and is surrounded by farmland. Its impressive outbuildings are in immaculate condition.

The main house has seven bedrooms but there is a staff or guest wing with another three bedrooms. The former coach house and stable block have been converted into garages for at least six cars — mainly workhorses like Range Rovers and Land Rovers, his more valuable motors being kept in high-security garages elsewhere.

Gauntlett bought a stake in Aston Martin Lagonda in May 1980 and became chairman the following year, a post he occupied until he left last September (although he and Peter Livanos had sold the company to Ford in 1987).

Having founded Pace Petroleum in 1973,

which he built up to 500 filling stations by the time he sold out to the Kuwaitis in 1983, he and Livanos now are developing a new company, Proteus Petroleum, which already has 140 sites.

Although he owns some very collectable Aston Martins (including the limited-edition Vantage), Gauntlett's favourite car is a 1928 two-seater, boat-tailed, 4.5-litre "Blower" Bentley which still can do 120 mph.

"I'm really a Bentley man, first and foremost," he admits. "After all, W.O. Bentley designed the Lagonda engine that powered Aston Martin in the 1950s. I have been quite mad about Bentleys over the years. The three-litres are lovely to look at, but I'm a heavy metal man."

So, too, is Keith Schellenberg, who owns a mouth-watering collection of Bentleys. Since 1974, he has lived on the Hebridean island of Eigg, which covers 7,400 acres, but a messy divorce led to a judge ordering the island to be sold.

Knight Frank & Rutley has just announced that Eigg has been bought for around £1m — by Keith Schellenberg.

The main house has seven bedrooms but there is a staff or guest wing with another three bedrooms. The former coach house and stable block have been converted into garages for at least six cars — mainly workhorses like Range Rovers and Land Rovers, his more valuable motors being kept in high-security garages elsewhere.

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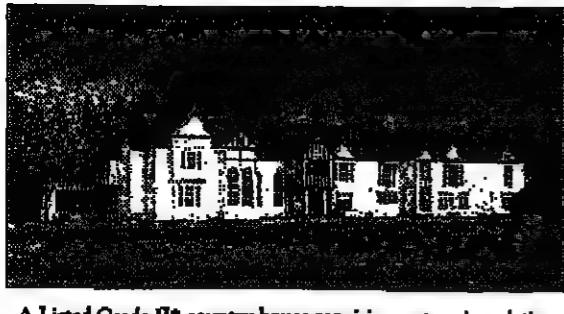
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## Fifth Avenue from the waist up

*A 1920s building with the latest technology*

**F**ORTY-five apartments in a 1920s building with late-20th century technology are now coming on to the market at 1049 Fifth Avenue, in New York's Manhattan. The \$24m venture involves international investment bank Investcorp, which has a base in London, and New York entrepreneur Jack Keller.

The 23-storey building originally was a hotel. Most of the interior has been ripped out and re-designed to make apartments with three and four bedrooms. This fills a gap in the market for larger properties, says Investcorp's John Thompson in London.

Unusually for the area, where most of the apartments are co-operatives governed by management committees with rights to approve or veto buyers, the new development will be sold as condominiums. Prices of the units — each of which will have 12 telephone lines — range from £750,000 to £2m.

While Fifth Avenue is one of New York's most sought-after locations, potential buyers should know that No. 1049 is

not actually in Fifth Avenue at all. It is about 50 feet along East 86th Street, which runs off the avenue at right angles.

No. 1049 is separated from Fifth Avenue by the Yivo Institute, a low corner building. Keller tried to buy this to combine it with his re-development next door but nothing came of his approach.

The institute's

from  
up  
of technology

to Fifth Avenue at all. It is along East 50th Street, the avenue at right angles from which the former Fifth Avenue building, a low corner building, is to buy that is to come in development next door to the site of his approach.

The address was 1047, 105th Street, so an arrangement was made by the local authority buildings to take over part of the site. Thus, the former 1047, 105th Street, a low corner building, is to buy that is to come in development next door to the site of his approach.

The address was 1047, 105th Street, so an arrangement was made by the local authority buildings to take over part of the site. Thus, the former 1047, 105th Street, a low corner building, is to buy that is to come in development next door to the site of his approach.

Audrey Powell

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Audrey Powell

**E**DDIE Bernstein is squinting at the numbers on his desk-top calculator. "Thirteen point six per cent," he calls out. "That's what the Russians were offered at Bretton Woods. The British got 14.8 per cent of the votes in the IMF and the Americans 31.4 per cent."

Sliding the old book back on the shelf and settling back into his chair at Washington's Brookings Institution, the 67-year-old Bernstein reflects on the combined less-than-five per cent share of the votes the 15 former Soviet republics accepted in April on becoming full members of the International Monetary Fund. "Don't forget, Britain and France under the ninth quota review will each have only five per cent of the shares. So I'd say Russia - given its small share of trade and absence of reserves - has received very generous treatment."

A pause. "They've gotten just about as much as we offered them at Bretton Woods."

It has been 42 years since the monetary conference at the mountain resort in northern New Hampshire, and Bernstein is one of those taking part to remain alive and working. The wartime conference, attended by 44 nations established the IMF and World Bank. The UK Treasury's John Maynard Keynes and US Treasury's Harry Dexter White were the visionaries behind the fund and the bank. But Bernstein, an assistant to White and secretary of the US delegation, played a pivotal role. With rare immediacy, he observes: "I, not Keynes, was the star at Bretton Woods."

White and Bernstein were the chief American contacts with Keynes in the difficult 1943 and 1944 bilateral negotiations that culminated in Bretton Woods. But White - alienated from his colleagues and often ill-tempered - was no match for the worldly, urbane Englishman. In the US delegation at Bretton Woods, it was understood that only Bernstein could hold his own against Keynes. Grudgingly, Keynes called Bernstein the hero of Bretton Woods. "The person who made everything clear" - Keynes' diary from a year earlier was less generous, though. There, the New Yorker who insisted that key elements of Keynes' draft be modified - was a "giant rat". But Bernstein calls Keynes the greatest intellect of the 20th century after Einstein.

Bernstein, who took a PhD at Harvard, wrote a highly-regarded text on money and worked as a university professor before going to the Treasury in 1940 - went on to be the first research director at the IMF, a post he held until 1958. After that, he set up his own consulting firm and made a lot of money.



Eddie Bernstein: "The IMF suffers from never having been able to discipline its principal member, the United States"

## Bretton Woods remembered — by its last remaining star

Finally, in semi-retirement, he went to Brookings where, as a research fellow, he continues to issue papers on such matters as US interest rates, the dollar, the Japanese surplus, and the budgetary impact of German unification.

Bernstein believes the IMF has never lived up to the lofty ambitions of Keynes and White. "It suffers," he says, "from having never been able to discipline its principal member, the United States." Even now, Washington retains a power with 19 per cent of the votes.

Bernstein feels the IMF was handicapped at the start because it was overshadowed by the Marshall Plan, and that it lost influence steadily after exchange rates began to float in 1970. Until the collapse of communism, he notes, the fund had been relegated to dealing mostly with developing countries instead of the big players in the global economy. Now, with Russia finally a member, perhaps that will change.

In retrospect, he argues, the Russians could have avoided hyperinflation by isolating the huge rubble balances the population built up involuntarily during 70 years of communist austerity. The suppressed consumer demand represented by those savings should have been absorbed by allowing citizens to buy their apartments and farms from the state. But that is all past tense. The task now, he stresses, is stopping inflation, stabilising the economy, reviving - and then boosting - exports.

There is a lot of the professor left in Eddie Bernstein. He says he would give Sachs an "F" for his

and such academics as Harvard's Jeffrey Sachs? Bernstein is in general accord with the new orthodoxy but has serious doubts about convertibility. "Don't forget that, after the war, the west Europeans waited 10 years to make their currencies convertible." He believes premature convertibility is, almost certainly, a mistake. "The first priority has to be creating a capitalist economy at home, industry by industry. Prices have to be based on costs and brought to world levels. The exchange rate should be set low enough to promote exports, but not too low."

In retrospect, he argues, the Russians could have avoided hyperinflation by isolating the huge rubble balances the population built up involuntarily during 70 years of communist austerity. The suppressed consumer demand represented by those savings should have been absorbed by allowing citizens to buy their apartments and farms from the state. But that is all past tense. The task now, he stresses, is stopping inflation, stabilising the economy, reviving - and then boosting - exports.

There is a lot of the professor left in Eddie Bernstein. He says he would give Sachs an "F" for his

assertion in a Brookings lecture that high US interest rates explain the dollar's relentless rise between 1980-85. Rather, says Bernstein, speculation drove the dollar higher; and while high interest rates might have initiated its rise, it was the enormous demand for US assets, and the expectation of further dollar advances, that fuelled the currency's upward move.

Reflecting on how the world has changed in 50 years, Bernstein says it is ironic that so many of the pre-war economic ambitions of Germany's Adolf Hitler and Japan's Hideki Tojo have been realised.

"They've accomplished their goals economically and, in some cases, surpassed them." Viewing Tokyo's huge payments' surplus, he notes that surplus countries can take the shots eventually, just as the US did through the 1950s, '60s and '70s.

Bernstein is, however, no apostle of American decline. Dashing to a stack of reports, he retrieves statistics showing that US labour productivity exceeds that of Germany and that US manufacturing competitiveness has improved vastly since the mid-80s. Referring to GDP figures, he points out that the growth in the US economy in the 1980s was, by itself, a number bigger than the

entire West German economy.

Have events in eastern Europe and the former Soviet Union put an end to Marxism? "Yes, without doubt," says Bernstein. "But Marx's labour theory of value was always nonsense. Interestingly, Marx was a great believer in gold, just as Keynes loathed it. And, by the way, Keynes' thinking at Bretton Woods was shaped by the belief that a depression would inevitably result from the end of hostilities in the Second World War."

What are the lessons of the transformation process, now 2½ years old in eastern Europe? "The recent back-tracking of Poland proves that, in a democratic system, you have to back off when the social costs become too great," Bernstein says. "What you've got in all these countries - including the former Soviet Union - is huge repressed demand that requires prices being brought into line with costs.

"Wages have to be related to productivity and exchange rates must be set low enough to promote exports while surging imports must not be permitted to destroy domestic industries. And there has to be rapid privatisation."

Barry Wood

## As They Say in Europe French replay a war crime

**R**EADING newspapers on holiday is the kind of exercise for which there used not to be a word. Today, we have re-invented "disjunction." At least, I think that is the word because it implies a lack of coherence between what one is doing and the circumstances in which it is being done.

For the past two years, many have been alarmed on exotic beaches by reports of distant crises, first in Kuwait then in Moscow. This time, we hoped to avoid these guns of August by going to the Dogane in July. But instead of the echoes of present crises, the papers were full of the tragedy of half a century before.

Most years at this time, there is mention of events in July 1942 when the French police rounded up thousands of naturalised French Jews and their children and sent them to the death camps. Generically, the episode is known as the *Vel d'Hiv*, this being the abbreviation of the Paris winter cycling stadium where the victims were held before transportation.

The 50th anniversary occasioned more heart-searching than ever. On July 16, *Liberation* headlined its front page: "France faces up to its crimes." *Figaro*, meanwhile, interviewed the Nazi-Hunter, Serge Klarsfeld, who said France could not be blamed. More Jews had survived there than in other occupied countries.

The debate dominated even the provincial press: *Sud-Ouest* ran related stories for several days, headlining the "lively polemic" that the anniversary had generated, along with President Mitterrand's presence with Marshal Petain at a commemorative ceremony in Paris.

One question at issue was the nature of the Vichy government, the collaborationist regime that was presented by Marshal Petain as the true successor of the "Vraie France." Vichy also was implicated in the atrocities of the *Vel d'Hiv*. But were they the result of defeat and "the criminal madness of the occupying power," as the mayor of Paris, Jacques Chirac, put it? Or was it all, in a sense, a French responsibility?

This debate impinged on our holiday in a graphic manner. We were

staying a mile north of the River Dronne; the nearest town was Ribérac, on the southern bank. The Dronne was the frontier between occupied and Vichy France, and the old Gestapo headquarters is one of the last buildings before crossing into Ribérac. A little to the West is the glade containing the graves of the resists shot by the Nazis.

What the newspapers were agonising over was whether that was a national frontier - whether France existed south of the Dronne. It was this debate that was more intense than on the other anniversaries of the events of 1942.

This is partly because one or two of the most notable figures involved are still at large, having sometimes been protected by the Roman Catholic Church - as the Church's own *autourage* report showed earlier this year.

Opinion in France has, if anything, hardened against the perpetrators in the face of judicial complacency: almost three-quarters of the people want them punished. The other quarter, one assumes, are don't-knows or supporters of Jean-Marie Le Pen and the National Front.

The strength of the Front has itself contributed to the debate over the French past. The party stands for that constant strand in French politics which, to say the least, is ambiguous about the Revolution.

It flouts its sentimental religiosity, built around the cult of Joan of Arc, and is a successor to the xenophobia of "Action française" and the racism of the 19th century. Its ambiguous relationship with Vichy and Marshal Petain is, therefore, a living embodiment of the debate.

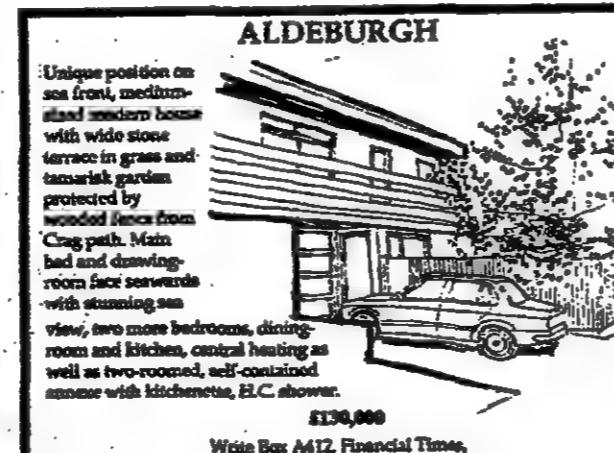
A little over a year ago, the *Frankfurter Allgemeine Zeitung* ran a cartoon showing history drawing a line under a page marked "Post-war period." That optimistic assessment has turned out to be inaccurate.

The post-war period was frozen out by the Cold War and - as events all over Europe now show - has, in fact, only just begun.

James Morgan

■ James Morgan is economics correspondent of the BBC World Service.

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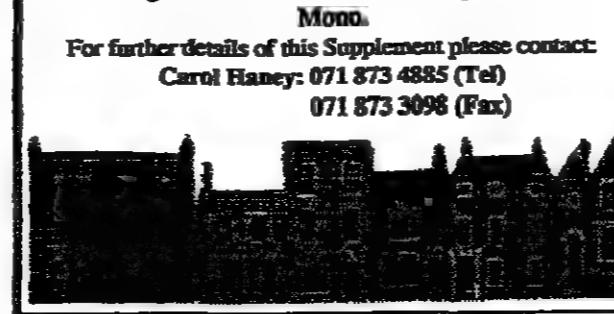
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## FOOD AND DRINK

# Double act that buyers cannot afford to miss

*Jancis Robinson looks at the real wine bargains that are available this summer*

**G**REAT VINTAGES can be assessed only with the benefit of some sort of historical perspective. But since so many of the best wines have traditionally been available only in infancy, clever wine buyers have had to take a foreshortened view of potential greatness.

We should all be gazing in wonder at the magnificence of Europe's 1969 and 1980 vintages and working out just how many cases of this surely unpredictable double-act we can afford. And to think how good we thought 1988 was before they came along...

This is particularly true for the great sweet whites - of Bordeaux, Alsace, the Loire and Germany, and indeed of Germany's exciting drier wines too.

The exceptional ripeness of 1989 and 1990 gave them unparalleled exuberance, particularly from the stars of the Rhinepalz such as Lingenfelder and Müller-Catoir whose wines are marvels of heady concentration whether they be dry (*Trocken*) medium dry (*Halbtrocken*) or unripened; both produc-

tors' wines are sold by Oddbins whose greatest bargain has been Müller-Catoir's 1990 (and last) vintage of Müller-Thurgau (£4.99) which makes one revise all previous assumptions about the workaday grape variety. But even the vines at the very top of Müller-Catoir's glories range, which should continue to develop well into the next century, cost less than £10.

Which is more than can be said for the equally successful famous French reds of 1989 and 1990, the

portion of producers had got to grips with making serious sweet whites without recourse to over-doses of sugar and sulphur, and had mastered the vigour of their vines to coax maximum ripeness from their reds.

We can, therefore, choose not only from some Vouvray which can truly be called fabulous - for Huet, try Bibendum of London NW1 and The Wine Society of Stevenage, Herts - but also from reds with more lush fruit than I have ever

tasted from the Loire.

Britain's greatest range of Loire wines of all hues is on the list of the restaurant RSJ and its wholesale wine company around the corner, an enclave of Loiremania in London SE1 (071-633-0469) - but you do have to buy by the dozen.

Charruan's stunning Saumur-Champigny, Les Folies 1988 is £82 a case and it is a miracle that the French allowed even a bottle of this wine for today, tomorrow and the next century, to escape across the

Channel. The assumption that fine wine has to be bought in infancy is being called into question however by some of the bargains being offered around the trade at the moment.

One of the more talked-about has fetched up on Oddbins' shelves resulting in such delicious vintage ports as Dow 1985, selling there for £11.49 a bottle. This is rather less than it would have cost by the dozen in 1987 and less than half the notional market price - although quite what constitutes the port market at the moment is anyone's guess.

## Morocco bound to have the freshest fish

**I**T USED TO be said that you should never order fish in a restaurant on Mondays because it would not be fresh. This is not quite the case now. New markets - early each Monday at Brixham, Devon, and Newlyn, Cornwall, for example - and improved refrigeration techniques, particularly vacuum packing, have helped to preserve the quality of Saturday's catch. But traditional fishing ports have been reluctant to change their routines and, like most people, fishermen prefer weekends at home.

Suddenly, however, top-quality fresh fish is arriving in London in time for delivery on Monday mornings from an unexpected source: Morocco. Because they are Moslems, fishermen there rest on Friday - their holy day - and go out at weekends. And they have plenty of sea to work in: Morocco has 400 kilometres of Mediterranean coast and, more significantly, 2,600 kilometres facing the less-polluted Atlantic.

Traditionally, Moroccans have used simple 20 ft rowing boats to fish for anchovies and sardines, but both are being exhausted. So the fishermen have moved up market to John Dory, red mullet, red bream of sufficiently high quality to be eaten raw in London's Japanese sashimi bars, spotted bass, large weever with their poisonous spines, and rascasse (scorpion fish), the fish for bouillabaisse.

What guarantees quality is the fact that, although they are landed at ports modernised by the Moroccan government, the technology for catching these fish has not improved. Because there has been

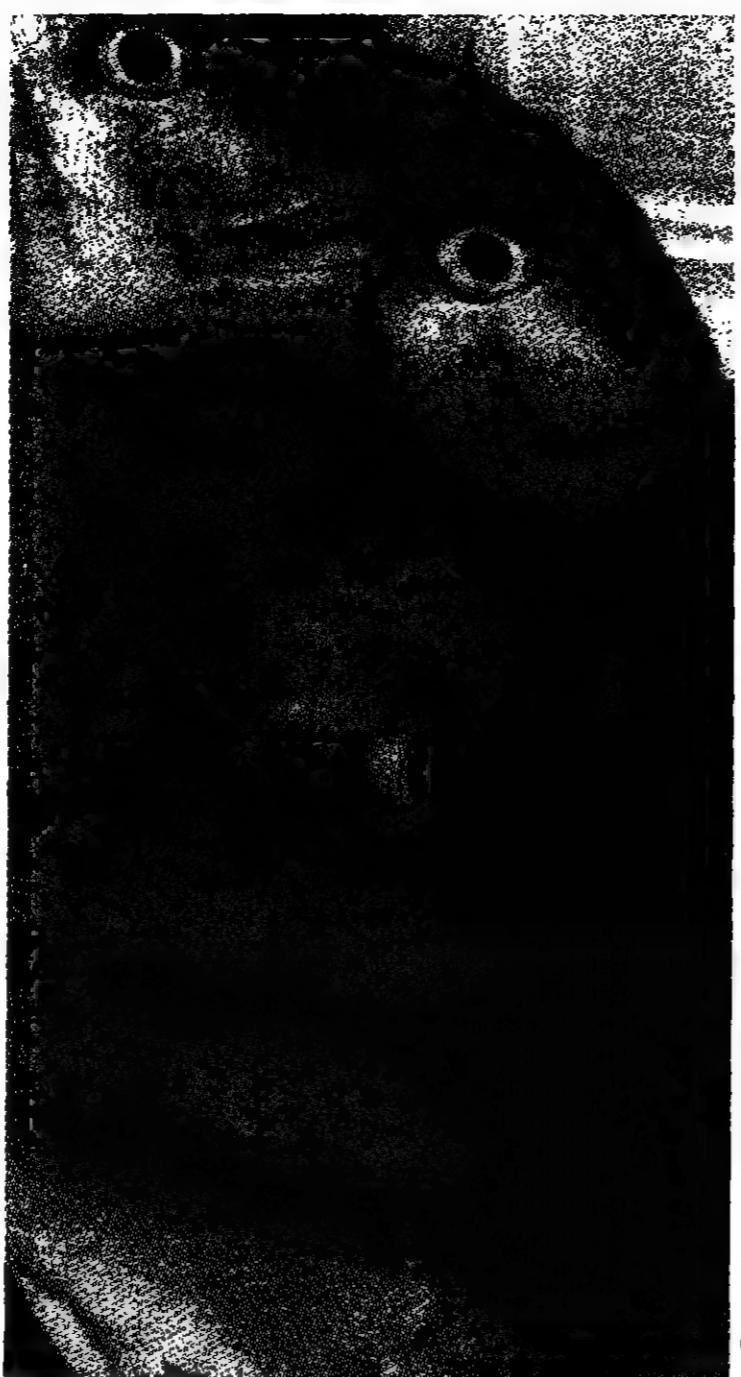
very little investment in the boats, most of the fish are caught by line rather than trawled; consequently, they are not damaged in the nets. And because the boats are so small, they work by day in the rich inshore fishing grounds and land their catch the same night. This ensures that fish do not spend two or three days losing freshness in a ship's hold.

The best fishing ports are along the Atlantic coast: El Jadida, Safi, Essaouira, Agadir and Tan-Tan. Catches are delivered immediately to Casablanca, where the fish trade has been controlled for centuries by several family firms. The fish is then packed under ice in polystyrene boxes to be flown abroad.

Moroccan fish can now be found on many of the most fashionable dining tables in London including Le Gavroche, Tante Claire, Clarke's, Kensington Place, The Ivy and Le Caprice. The Importer, Cutty Catering, of London SE15, is confident that Morocco will become an important supplier because the absence of a large fish market means prices do not fluctuate as much as they do in Europe.

At the same time, cheaper air freight is making other unheralded sources more accessible. Iceland, once regarded merely as a supplier of cod for fish and chip shops, could soon be supplying large quantities of top-quality monkfish, halibut and haddock. The same goes for its smaller neighbour, the Faroe Islands. Both have the benefit of deep, cold and relatively unpolluted waters.

Nicholas Lander



## Cookery A fine kettle of turbot

*Philippa Davenport with a dinner party treat*

**O**N JULY 14 the Earl of Bradford announced plans to storm the culinary bastions of Paris: in October ten master chefs of Great Britain will descend on the George V hotel to cook for French food writers, chefs and gourmets.

The idea is to show the French that there is more to British foods than smoked salmon, oysters, roast beef and steamed treacle pudding.

The menu they have chosen comprises clear ox-tail soup with parsley dumplings; a platter of fish including potted crab, soured mackerel, jellied eel and marinated haddock; pot roast partridge with caraway flavoured cabbage; blackberry and apple crumble with mead ice-cream; and British farmhouse cheeses. May a good time be had by all.

Meanwhile, as October is a long way off, I have had fun working out a summer menu of good British foods that eschew the stereotype choices of asparagus, salmon, lamb and strawberries.

This meal might begin with a selection of cold cured meats, Welsh salt duck, Macon (mutton ham); Lincolnshire chine and York or Bradenham ham, among them.

For the main course there would be turbot, arguably Britain's finest fish and an old fashioned favourite but all too rarely served these days. The fish would be cooked whole and served in the time-honoured British way, not with a butter-rich sauce, but with one that is definitely creamy, lightly thickened with flour and laced with shrimps. Braised cucumber and garden peas would make choice accompaniments.

Finally, for pudding, I suggest a puff pastry gooseberry pie, the fruit sweetened with splash of elderflower syrup, served with crinkle-skinned clotted cream.



TURBOT WITH SHRIMP SAUCE

SERVES 6

Whole turbot, which can weigh 20 lb or more and was once the great dish of grand dinners, is not something you will find on many fishmongers' slates these days. Yet a small turbot, or chicken turbot as it is charmingly called, remains a fine choice for a special occasion and is well worth ordering for a small dinner party.

The traditional way to cook turbot is to poach it in a diamond shaped kettle. More junk shops than kitchen shops stock turbot kettles now but they can still be picked up cheaply at country house sales: useful for cooking hams as well as fish.

In the absence of a suitable kettle, bake turbot, wrapping it in buttered foil with sea salt, pepper, bay leaves and slices of lemon. Lay the biggy parcel on a large baking tray and cook for about 45 minutes at 360°F-375°F (180°C-190°C) gas mark 4-5.

1 chicken turbot weighing 3½-4 lb; 1-2 pt milk; 2 bay leaves; 2 lemons; a bunch of parsley. For the sauce: ½ lb cooked prawns in the shells; 4 oz potted shrimps; ½ oz each butter and flour; ½-¾ pt creamy milk; ¼ pt cream; 1 slice of onion, 1 bay leaf and half a dozen lightly braised black peppercorns tied in a piece of butter muslin.

Make the sauce first as it can be prepared ahead and reheated in a double-boiler when needed. Shell the prawns, reserving the flesh to garnish the turbot. Put the shells into a saucepan with the butter muslin bag of flavourings and ½ pt milk. Bring to simmering point, cover and cook over the lowest possible heat for 10 minutes.

Remove the butter muslin bag and whizz the remaining contents of the pan in a food processor for 10 seconds only. Strain the pink shellfish-flavoured liquid through a fine sieve, pressing to extract every flavoursome drop. Measure and top up with extra milk to bring the level back to half a pint or just over.

Make a roux with the butter and flour (using the spiced butter that seals the potted shrimps, if liked) and cook for a couple of minutes. Blend in the milk away from the heat, then let the sauce simmer very gently for 5 minutes or so stirring occasionally.

Season to taste with salt, pepper, maybe a little lemon juice, and thin with the cream. Stir in the potted shrimps and heat through gently.

Make an incision down the length of the turbot's backbone on the dark skinned side to prevent curling during cooking. Lay the fish in the kettle, dark side down. Add slices of lemon, a couple of bay leaves, a few peppercorns and a mixture of milk and water to cover. Bring to a bare simmer and cook very gently indeed for 12-15 minutes or so until the flesh is no longer transparent and comes clean from the bone.

Drain the fish well, saving the milky liquor for soups. Lay it on a handsome dish, garnish with the peeled prawns, little bouquets of parsley and wedges of lemon. Hand round the sauce separately.

## GARDENING

# Such good English gardens in exile

**R**OBIN LANE FOX welcomes a new book which may prevent homesickness on the family holiday abroad

**T**HE MARIGOLDS are glowing in Italy; fibrous-rooted begonias are dotted like cats' eyes round France; Love lies bleeding on a thousand roundabouts within sight of the Mediterranean.

Faced with all this foreign bedding, English gardeners on family holidays are preparing for a fortnight of exile. If they knew where to go, would it be better? Are there places abroad with the style which echoes their high ideals for the garden at home?

Most of these echoes have been left by fellow English gardeners, busy abroad. The hunt for them is very much easier this year because of a notable new book by Charles Quest-Ritson called *The English Garden Abroad*, published at £20 by Viking.

From La Mortola to the Cooks of Portugal, its old photographs are well-chosen; the new colour ones are fun; the text surveys English gardens in Europe from Portugal to the French Riviera, from Malaga to eastern Sicily.

Everyone will find an unfamiliar villa and little-known facts and

practitioners of English gardening abroad: there was much more going on in the earlier part of this century than the famous lavishness of Miss Willmott in France or the amazing vulgarity of Cannes.

Many books on this topic are either picture-boilers or the work of garden historians who have never been near a plant or would not know the English difference between middle and upper class.

Charles Quest-Ritson is something else. He has a profound knowledge of roses; his training extends from history to law and life with a plantswoman whose nursery stocks *Prunus besseyi* and who describes Oxford University as second-rate.

His book reads like a tightly-written brief, packed with his own research, a good line in passing comment and a sharp eye for expatriates' particular obstacles: soil, sun, and their hair. He gives an excellent bibliography, which asks to be followed down rare avenues which he recommends.

It reminds us of great enterprises which cost fortunes and have now disappeared. At times, it is not entirely explicit about the level of gardening which remains.

Its unwary readers might visit Ravello on the coast of Italy, expecting to find a living tradition of plantmanship and maintained elegance. It is worth visiting the Scottish-based garden of the Villa Rufolo and the nearby Villa Cimbrone, home of the Yorkshire expatriate, Lord Grimthorpe, whose home society knew him as the Big Bad Wolf.

The siting of these two gardens is still spectacular, on the edge of steep cliff, but their planting is pretty awful and their upkeep is not consulted.

France has a fabulous pair to breakfast, a chapter at a time, and the view from my window



One of the gardens from Quest-Ritson's notable book

garden made by the Hanburys at La Mortola, the story is even worse. As Quest-Ritson comments more gently, its heir, the University of Genoa, has continued to make an effort to restore a ruin: they also understand concepts like ecology or botanical environment. They do not have a clue about artistic gardens of flowers which can evolve in a duet with committed gardeners.

Not everything is lost and decaying. Quest-Ritson has a sharp eye for neglected areas of genius, still alive and well. He appreciates the Botanic Garden in Palermo; he pays particular homage to Sir Peter Smithers and his remarkable garden at Vico Morcone, which includes almost every known magnolia.

The two Wakefields, father and son, earn a large bouquet at Clos de Peyronnet; mention is made of Russell Page, the professional English designer abroad; the great garden at Ninfa and the Howards make a

proper climax to the text; on Madeira, there are fond words for the Blandys and on Sicily for the Whitakers, active families whose gardens were built on fortunes from Madeira and Marsala wine respectively.

They will have made their fortune in the stock market boom of 1984-86: more women than ever before will be cashing in their chips and setting out with personal fortunes to lose their golden handcuffs in gardens of flowers which will make Monet look old hat.

They will revel in Quest-Ritson's book and many of its bon mots. The French have always been puzzled that well-off English owners should

want to work in person and let the garden make them dirty.

At the great garden of La Mortola, Lady Forbes once wrote of her three golden rules:

"Never plant singly; do not mix families of plants, which, by the laws of nature, could never have grown together; study your colour-schemes."

In practice, as Quest-Ritson aptly observes, she usually broke her own rules. Expatriates, he reminds us, tend "to present as problems what in practice they see as opportunities."

From this familiar mentality, yet more good English gardens in exile are still to be born.

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## Books for the Beach A new wave celebration

**H**ERE ARE two books for the beach - celebrating as they do - in different ways - swimming and the sea. Charles Sprawson's *Haunts of the Black Massieur* is, despite its opaque and inappropriate title (teasingly half-explained on page 265), straightforward - a history and celebration of mankind's pleasure in the water.

It apparently began life as an article and turning it into a book has left stretch-marks: some repetition and too many long outlines of the plots of novels that deal with swimming. Clearly, Sprawson has read virtually everything on the subject, which makes it shameful that there is neither index nor bibliography.

That said, there is much to learn and enjoy - and some splendid photographs. As with so many human activities, the Classical period (especially Rome with its 800 public baths) represents a high point. Then came the Dark Ages, lasting in this case right up to the Romantics, during which most people regarded swimming as very eccentric.

But with Goethe, Byron, Shelley, et al, it took off again and has never looked back. For the Romantics and their followers, swimming and the sea symbolised many things: heroic challenge, taken up by Byron in the Hellespont; liberation from the pressures of bourgeois life (until well on in the 19th century everyone swam naked); return to nature and the womb (in spite of Shelley's obsession with bathing and sailing, he never learned to swim); courting death through leaky boats and wild seafaring until he found it).

In the 19th century, the English dominated swimming, using the breast-stroke, which had been universal since the dog-paddle disappeared in Elizabethan times. (It was common to learn to swim in the study, watching a frog in a bowl). Then came the crawl, and with it the 20th century has belonged to the other Anglo-Saxon nations and the Japanese. This century has also produced the dives and magnificent feats of daring and beauty, linking aquatic to art and show-business. Finally, Sprawson nicely chronicles for us the explosion of the private pool, both grand and domestic, and a return to the ubiquitous aristocracy of the Romans.

James Hamilton-Paterson ranges more widely in *Seven-Tenths* (another opaque title whose explanation is that seven-tenths of both the human body and the surface of the globe is water). There is swimming in this book too - through it runs a haunting autobiographical motif of a swimmer in mid-ocean who has drifted out of sight of his boat. But there is much else.

A confessed non-scientist, Hamilton-Paterson is engrossed by the history of 'scientists' attempts to understand the sea and its creatures. He enjoys and is joyous on the subject of persistent misconceptions.

Kit McMahon

## Old Masters lead the way to normality

Antony Thorncroft on a year in which tradition - and sanity - returned to the auction houses

**T**HE MOST expensive work of art sold at auction in London, in the UK, indeed in the world, in the saleroom season now ending was an Old Master painting: Canaletto's broad sweep of the Horseguards in St James's Park in 1749, which Christie's sold for the Harris family, who had owned it for more than two centuries, went to composer Sir Andrew Lloyd Webber for £1.15m.

The second most expensive work disposed of in the UK, also at Christie's, was another Old Master, "Titian's "Venus and Adonis", which the experts decided was mainly in the hand of the Master rather than his studio. It went via Christie's and the Earls of Norman-ton, to the Getty Museum for £7.4m. And the third most costly work? Well, yet another Old Master, Rembrandt's portrait of Johannes Uyttenbogaert, which Sotheby's sold for Lord Rosebery, to an American collector for £4.18m.

What could more vividly sum up the transformation in the art market than the fact that three Old Master paint-

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dolls terms to \$1.14m (£660m), while Christie's was 8 per cent lower at £605m (£1.082m). The fall at least showed a levelling off on a year ago when both salerooms announced a reduction in turnover during the 1990-91 season of approaching 50 per cent.

The art market has now accepted that it is in for a long, hard haul out of recession. Christopher Davidge, managing director of Christie's, admits that he anticipates two seasons of modest growth. But there are clear signs that the worst is over. Both Sotheby's and Christie's report that sales in the first six months of this year show a 6 per cent improvement over 1991. This is the kind of growth that the auction houses anticipate in the immediate future.

In a business where confidence is vitally important, the two auction houses are skilled at finding patches of blue sky. For a start, sellers have finally accepted that the market is in the doldrums and that, to dispose of their works of art, they must lower price expectations and reserves. As a result the number of lots left unsold globally this season has remained the same, at around 23 per cent at Sotheby's and 25 per cent at Christie's (although Christie's in London has done much better, reducing its unsold lots by



Rembrandt's picture of Johannes Uyttenbogaert sold for £4.18m

5 per cent during the season to 17.5 per cent).

The basic problem for the salerooms remains the reluctance of owners to risk disposing of important masterpieces at auction during a flat market - unless the demands of

Sotheby's has actually just secured one. The death of the Prince of Thurn and Taxis in Bavaria has forced his widow to cash in some of the family's amazing art collection to meet death duties. The first of three auctions - consisting of jewels, silver and works of art - will be held at Geneva in November. Sotheby's is tempting buyers with very conservative estimates, and at least £2m should be raised. Michael Alinslie, chief executive of Sotheby's, hopes that this auction, which seems certain of success, will be the trigger to restore much-needed confidence to the art market.

Sotheby's needs a lift. It has found conditions marginally harder in the past season than Christie's, which got its cost reductions in first with a wave of redundancies in December 1990 and is currently trading at a small profit. Sotheby's has had its triumphs: the collection of Jaime Ortiz-Patinho raised \$3.4m; a Fabergé Egg sold for \$3.2m; there was a record for a carpet when a Louis XVI Savonnerie made £1.2m, and the £2.5m paid for a painting by Diego Rivera was the second highest price for a Latin American painting.

But Christie's, thanks mainly to its century-old links with the owners of Old Masters paintings and its success with

English furniture (especially the Messer collection, which brought in £1.7m, marginally increased its market share. It claims 49 per cent, a 1 per cent gain on the season and its highest share against Sotheby's since the mid-1980s. Its inflated its figures by including private treaty sales, in particular the £10m it secured by selling Holbein's "Lady with a squirrel" to the National Gallery. Even so it probably made a minor inroad and certainly beats Sotheby's in the UK and Europe.

But market share is less important than market size. While the recession extends its grip on the world there will be no substantial improvement in the fortunes of the salerooms. Speculative buying has disappeared, and antique dealers faced with unsold stock are, in markets such as 20th century art and furniture, taking a back seat to private buyers.

Both Sotheby's and Christie's have reduced their payrolls this year, frozen salaries, and had a blitz on printing and office costs. Christie's senior directors are still enduring a 20 per cent cut in their salaries, but at least the company seems safe from takeover bids. Sotheby's has attracted more speculation since its owner, Alf Taubman, decided to sell 8m shares this summer.

Phillips, third in size among the British auction houses, did well by achieving sales of £85.3m and registering a fall of only 3 per cent. It was helped by the emergence of private buyers who out-bid the moribund trade. Bonhams, fourth in size, did even better, managing growth of 2.3 per cent to £22.12m, and actually recording a gain of 14 per cent in the first six months of 1992, thanks mainly to private buying.

Indeed, all the auction houses are looking towards the collector to provide the limited growth they anticipate in the new season, which gets under way seriously in October. It will be a hard grind but, with the worst probably behind them, the auction houses can try and forget the wonder years between 1987 and 1990 and return to the slow but steady expansion, linked to the world economy, which characterised the trade in the past.

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## BOOKS/ARTS

# In praise of a beautiful angel

Michael Glover on Shelley's bi-centenary



Percy Bysshe Shelley: ripe for myth-making

spend in Italy - Lucca, where he translated Plato's *Symposium*, Venice, Naples, Pisa and ultimately, Lerici, where he lived in a lonely beach house on the bay with the rest of his household, which by this time consisted of Mary, their son Percy Florence, and Claire Clairmont, Mary's young step-sister. It was here that his last major poem was written, "The Triumph of Life", which was left unfinished at the time of his death. The last, and act in the drama has been well documented. Shelley, a non-swimmer, drowned in August 1822 after an unexpected squall hit the schooner *Ariel* during a return trip from a visit to Byron at Livorno. The god was

blunderbuss, F.R. Leavis, and his beaters. Leavis mocked and reviled Shelley for his linguistic vagaries and ridiculous rhetorical flights of fancy. Unfortunately, and as was so often the case with Leavis, the quotations that were deployed to set Shelley spinning down from the upper air were highly selective - and his life and other achievements as thinker, letter-writer and savage polemicist were ignored.

It is these aspects of his multifarious talent that other, later critics have hailed as remarkable - his passionate indictment of the failings of technology; his defence of vegetarianism; and the political豪情 of a thousand radical and chartist groups in the middle of the 19th century while the defenders of his poetry, makers of that very myth-machine, were soaring high in the clouds with his juveniles.

How do we explain such a multi-faceted genius as Shelley? He seemed to contain within himself the extreme passion and the extreme idealism of a young man who had not lived long enough to be browbeaten into the conformities of middle age - wedded, of course, to a brilliant intellect

that genuinely believed in the power of the hammer-blows of reason to beat down the walls of Tyranny. The date of the bi-centenary is August 4.

## Celebrating Shelley: the times and the places

**E**NGLAND'S response to the bi-centenary of the birth of one of its greatest poets has been various and disparate

so unlike the official bonhomia that surrounded last year's Rimbaud centenary in France. There have been many lectures and readings up and down the country, some accompanied by music.

Oxford's Bodleian Library has been hosting a Shelley bi-centenary exhibition, which runs until August 8. West Sussex County Council

declared May 20 a Shelley Vegetarian School Meals Day in commemoration of the poet's vegetarianism. The Council has also published a Shelley Trail Guide.

"Pinpointing places of interest in Sussex linked with Shelley and his family." In April a permanent Shelley Room was opened at Horsham Museum.

At Eton, Shelley's old school,

speeches were delivered in his honour on April 23.

The occasion that Shelley's shade is likely to have enjoyed the most was the Byron

May a three-day international conference of Shelley scholars examined the poet's legacy at New York's City University Graduate Center.

Celebrations in Rome (where the poet's ashes are buried), managed by the Keats-Shelley Memorial Association with support from the British Council and Penguin Italia, have included a series of readings, lectures and films, and these will continue throughout the year.

In Lerici, the May Poetry festival offered an evening

boat trip in his memory - without, on this occasion, significant loss of life.

All details of this year's Shelley celebrations world-wide can be obtained (send an SAE) from the Keats-Shelley Memorial Association, Flat 1, 33 Aberdeen Road, London N5 2UG.

Publishers have also pulled out a few stops. The Hardy scholar Desmond Hawkins published a biographical account of *Shelley's First Love* (Margaret Harriet Grove) in paperback (Pan Books, £5.99).

May (Kylie Cathie, £14.99). Those fond of the fictionalised saga might wish to dip into *Wild Spirit - The Story of Percy Bysshe Shelley* (Hodder, £15.99). Robert Gittings and Jo Manton have re-assessed the importance of Mary Shelley's step-sister, Claire Clairmont, in *Claire Clairmont and the Shelleys* (Oxford, £20), and Judith Charnikoff's *Mab's Daughters*, a fictional re-creation of the diaries of the women in the Shelley circle, is available in paperback (Pan Books, £5.99).

There is no space to catalogue the contribution of every singer, but James Bowman's Oberon is now more sensitive of phrasing and colour than ever, and Lilian Watson's Titania, was comprehensively seductive in voice and demeanour. Juliet Booth's painfully frumpy Helena, John Graham-Hall's impossibly ganging Lynden, and Peter Rose's irrepressible Bottom must be mentioned, together with Emil Wolk's virtuous, menacing Puck. Stewart Bedford's conducting (of the English Chamber Orchestra) unfolded the score with exemplary care.

Even those who regard *A Midsummer Night's Dream* as one of Britten's most problematic operas would have laid their misgivings aside and been held spellbound by this exceptional version, for which a revival is promised in Paris, Lyon and Montpellier in two years' time.

Andrew Clements

## Festival d'Aix-en-Provence

# An updated Rake that progresses nowhere

**T**HE CONJUNCTION of a new *Rake's Progress*, brought to the stage of the Théâtre des Champs-Elysées by Alfredo Arias, with the revival from last year of Robert Carsen's hit production of *A Midsummer Night's Dream* gave the Aix Festival the opportunity for its very own study in Anglo-Saxon mimesis. It was not a survey of eccentricity that many English would recognise now, but clearly it touched chords with their own parallel plot, and confirmed prejudices with a good portion of the French audience. There, though, any parallels between the two stagings begin and end, for where Carsen's production seems to me a milestone in the stage history of Britten's opera, Arias' half-baked realisation deserves to be quickly forgotten.

The book indeed is primarily about loss. There are some passionate and well-documented attacks on the current spoliation of the ocean (the chapter on trawler-fishing in the North Sea is particularly horrifying). But the general tone is more subtle. It is well encapsulated by the only incident quoted in both books under review. As early as 1907 Edmund Gosse lamented that no one would ever again see the wonderful world of the seaside rock-pools which his famous naturalist father had described so beautifully and reverently years before, but which had then been destroyed by the invasion of amateur collectors stimulated by that very account.

Kit McMahon

ful Images - a pair of doves

billing and cooing at one point

(for Tom and Anne of course),

a mouse trapped in a wheel,

even, heaven help us, the

Household Cavalry on parade.

Not so long ago the recruitment

of circus midgets used to

be a reliable indicator of a de-

partate directorial imagination;

now televisions showing irrele-

vant video clips have been

added to the opera's director's

more dubious baggage.

It was all a great pity. For

though the cast's American

accents emphasised the out-of-

filter "Englishness" of the pro-

ceedings, and often drew atten-

tion to the unruly prosody of

Auden and Kallman's text, the

three central roles were as

strongly presented as could be

imagined in international

operas today. Samuel Ramey

has been the definitive Nick

Shadow for the best part of a

decade and here combined a

wonderfully economical stage

presence and oleaginous style

with singing of understated

menace and impeccable clarity.

Dawn Upshaw's Anne was

## ARTS

# A ragbag of riches for the Beaubourg's birthday

**Alice Rawsthorn tackles an ambitious, multi-layered exhibition to celebrate 15 years of the Pompidou Centre in Paris**

"HEY, it's Zoo TV," said the teenage tourist on spotting the arch of video screens piled on top of each other at the entrance to the top floor of the Manifeste exhibition at the Centre Georges Pompidou in Paris.

**H**e was both right and wrong. Wrong, because the video arch is not a relic from this summer's Zoo TV rock tour by U2, the Irish rock band, but a video installation made in 1985 by Nam June Paik, the South Korean artist. But he was right in that Paik was undoubtedly an important influence over the video artists working on the U2 tour, and Manifeste is all about tracing links between different strands in modern art. If Nam June Paik's ideas began in an art gallery and ended up on a rock stage - so be it.

Manifeste commemorates the 15th birthday of Beaubourg, as the Pompidou centre is usually called. It is intended to be both a retrospective of the art collected by the centre since its opening and a statement of intent for the future from Dominique Bozo, who became Beaubourg's president last autumn.

The show's logistics are exhausting. Manifeste, which runs throughout the summer, acts out Beaubourg's dual roles as France's national museum of modern art and its centre of industrial creation. The exhibition encompasses architecture, design, video and photography, painting and sculpture, in a show stretching over 7,000 square metres on six floors.

One of Manifeste's main aims is to introduce Beaubourg's new architecture collection. The curators have sensibly steered clear of trying to present a thorough overview of contemporary architecture and have instead concentrated on specific subjects, such as the sculptural work of Frank Gehry and Aldo Rossi, and the new emphasis on modern materials pursued by the younger architects, Rem Koolhaas and Jean Nouvel.

The results are erratic. The intricate models for Toyo Ito's Tower of Winds at Yokohama and his Silver Hut in Tokyo are stunning. The presentation of Jean Nouvel's new tower at the La Défense business district to the west of Paris really succeeds in conveying a sense of what the tower, which will be the tallest in the world, with an opaque black base and transparent top, will look like when it is built. Other exhibits, particularly the tatty cardboard mock-up of Frank Gehry's American cultural centre in Paris, are too slight to say anything significant about the architects, or their work.

The curators have made an

honourable attempt to explain why particular architects, or buildings, were selected. Sir Norman Foster's Hong Kong & Shanghai Bank headquarters is singled out for the complexity of its construction at Yatsu-shiro for what it says about his ideas on museology.

But the exhibition fails to address the central issue of how to show buildings in a museum context. It adopts a conventional approach of displaying buildings in model form, sometimes backed up by sketches. The limitations of architectural models are all too apparent, notably in the model of Richard Rogers and Renzo Piano's design for Beaubourg itself, which makes the Pompidou centre look like a serene study in white plastic, not the bright, bustling building housing the show.

The problem with this approach is that it gives little or no idea of the context in which the design was developed, or of how it was used. In a crowded show like Manifeste, where there is only enough space for a limited selection of each designer's output, it leaves no room to consider how a particular piece relates to the rest of the designers' work, or its influence on other designers.

The same criticism can be levelled against the design section. Design, like architecture,

is notoriously difficult to exhibit. Manifeste rounds up the usual suspects for a whistlestop tour of modern product design, running from Joe Colombo and his fellow futurists in the 1960s, to the post-modernist puns of Philippe Starck in the 1980s. Their work is displayed on pristine white plinths, along the lines pioneered by the Museum of Modern Art's design department in New York and since faithfully imitated by most other design exhibitions.

The problem with this approach is that it gives little or no idea of the context in which the design was developed, or of how it was used. In a crowded show like Manifeste, where there is only enough space for a limited selection of each designer's output, it leaves no room to consider how a particular piece relates to the rest of the designers' work, or its influence on other designers.

Design and architecture apart, Manifeste is chiefly concerned with painting, sculpture, video art and installations. Beaubourg's permanent collection of modern art until

1980 has been kept intact on the fourth floor, the core of the show is its selection of work from the last three decades.

Dominique Bozo is adamant that Manifeste is not an attempt to present Beaubourg's definitive statement on art since 1980, but an idiosyncratic selection from its collection. The problem with this is that it makes it difficult for the show to seem like anything other than a motley assortment of important, and not so important, work from the 1980s to the present day.

Manifeste works best when bodies of work are gathered together in logical groupings within which the work of one artist relates to that of the rest. The most successful section is that devoted to the Arte povera and Antiform movements on the mezzanine floor.

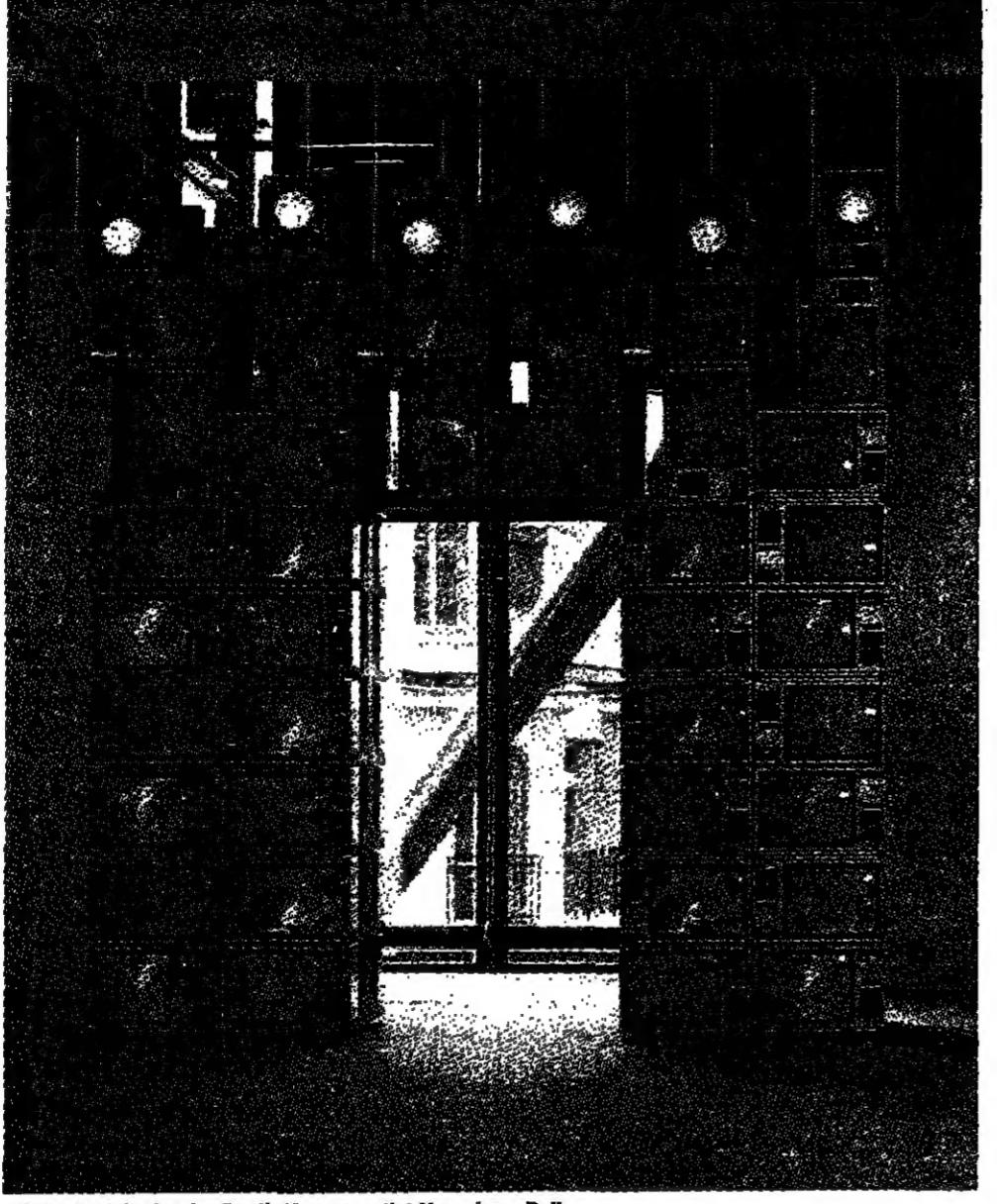
The juxtaposition of naturalistic pieces, Richard Long's Cornish slate stone circle and Jannis Kounellis' raw wool on wooden poles, with Mario Merz's neon-illuminated "igloo" of earth-filled sacks works wonderfully under the ducts and piping that criss-cross the industrial interior of the Pompidou centre.

Similarly, the Fluxus is successful because the main installations - Pliage, a series of rooms swathed in thick rolls of felt by Joseph Beuys, and Moon is the Oldest TV, another video sculpture by Nam June Paik - are so strong that they grab the visitors' attention.

The rest of the show is vast and so varied that it is difficult to do anything other than focus on the few really stunning pieces - a beautiful Basilett oil on the top floor, a nearby wall sculpture of metal boxes by Christian Boltanski, Marcel Broodthaers' room installation or the space allocated to the German painters, Sigmar Polke and Gerhard Richter - while zapping past the others.

Manifeste is too crowded and confusing to achieve Dominique Bozo's aim of being a testimony to Beaubourg's past and a pointer to its future. It is really a ragbag of art - some good, some bad, much of it indifferent. But there are enough good pieces to make it worth while taking a deep breath and scouring the six floors of Centre Georges Pompidou to stride past the dross and seek out the very best of the Beaubourg collection.

Manifeste is showing at the Centre Georges Pompidou, rue Rambuteau, 75003 Paris, until the autumn. Open weekdays 12pm to 10pm and weekends 10am to 10pm. Closed Tuesdays.



Video installation by South Korean artist Nam June Paik

## Video/Nigel Andrews

# Fast forward to the end of the world

**A** DARK thought occurred to me at the I'm-Bru Pop Video Exhibition, which has just opened at London's Museum of the Moving Image. Is the world seeing its whole cultural history flash before it, processed into these bite-size hallucinations, much as a drowning person is treated to a short, dramatic "pop video" of his past life?

Many of us today are worried by the fact that the planet Earth is about to open its mouth to its doctor and say "Aaagh." Pre-millennial tension is a natural human condition. The rise of the pop video is part of it: symbolic of a shortening of the spiritual breath before the numbers

change to 2000.

The MOMI exhibition will show you what I mean. A dozen screens glower in darkened corners, issuing crazed staccato images of life and death, sex and smoke, Madonna and Michael Jackson. Nor is this *walzurgisnacht* screen culture confined to the pop video. The month's new feature film releases on video show that we have entered an age not so much of the short attention span as of the hunger for audio-video tyranny.

*Batman* (Warners) is now available to pushbutton viewers, timed to coincide with *Batman Returns* at the cinemas. Both are drowning-person movies *par excellence*. Never mind leisurely exposition or patient filling-in of character:

the screen explodes with cackling guest stars, runaway production design and multi-mega-ton special effects.

The video version of *Batman* is on widescreen format - *hurrah!* - which at least makes the strident virtuosity more bearable. Your eyes can rove a little around the mayhem. For another facet of the pre-millennial moving image is that we are mostly told what to see, perhaps on the principle that drowning people have no say in what flashes before them.

This tendency is evident in films as diverse as this month's *My Girl* (Columbia), *The Butcher's Wife* (CIC) and *Dead Again* (CIC). Made for the large screen, they play as if made for the small. We are hustled through the plots with

heads held still while the cast stand at stage-front enacting their one-dimensional dramas of sentimental growing pain (*My Girl*), clairvoyant whimsy (*The Butcher's Wife*) or amnesiac murder mystery (*Dead Again*).

In former movie eras, before films had to anticipate a second life on television, the screen image could be a fresco. The eye could wander around a John Ford landscape or an Orson Welles cityscape, foraging for details. Today, the threat of emptying cinemas and homes equipped with fast-forward buttons puts pressure on film-makers to hold the viewer's attention at all costs, if necessary in a vice.

Let me illustrate the negative effect of this by citing one

positive moment in *The Butcher's Wife*. The scene caused incredulous joy at the press show I attended. While psychiatrist Jeff Daniels and another character discuss an important plot point in a foreground doorway, Daniels's unoccupied patient in the background performs some quiet, inventively eccentric funny business with a mask. The shock of being allowed to take in two zones of action at once in a modern Hollywood movie made everyone in the audience guffaw with nervous delight.

But drowning persons are allowed few such moments of questing contemplation. For these you must turn from modern Hollywood to the art film sector of the video market, now growing fast enough to

offer a serious home-viewing alternative. August's treats include Robert Bresson's *L'Argent* (Artificial Eye), a majestically gnomic murder tale from the director of *Pickpocket*, the Taylors' harshly powerful *Padre Padron* (Artificial Eye) and from Australia's Jane Campion's *Sweeties* (Electric).

This last is a tale of family and personal breakdown couched at times in the language of non-sequiturs and surrealism we associate with pop videos. But there is a human story, and there are slower passages between the scherzos in which we can think about that story. That is the difference - a rapidly disappearing one in our countdown culture - between viewing images and drowning in them.

English was virtually universal, we had no need to learn anything else. The very ambitious might try Japanese or Arabic for commercial purposes. The BBC used to give language lessons. With respect to Sir Alfred, I wish it still did. Languages are used for other things beside commerce.

I warned that Radio 3 would offer another "Ummed Movie", and we got *A Night at the Wasteland*, by David Stafford. It told of T.S. Eliot's script for the Marx Brothers, and if I tell you that Chico addressed Eliot as My Elephant you may assess the standard of fun. The director was Jeremy Howe, in charge of Radio 3 drama.

Chess No 934: L.Qg6 (waiting)

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**T**HE 1980s epic *Raise The Titanic* cost \$86m to make, but it was not a successful film. In fact, it turned into one of the biggest box office turkeys of all time. Afterwards Lord Grade, the showbiz magnate who made it, famously observed that it would have been cheaper to lower the Atlantic.

A decade later, as the British economy founders, we need more of Lord Grade's lateral thinking if growing public spending is to be brought under control.

The trouble is, most people in Britain are useless at lateral thinking. To take an obvious example, everyone knows it is cheaper to put a sailing boat on a low-loader lorry and park it in a central London car park than to berth it in a Solent marina. But drive into the underground car park behind John Lewis in Oxford Street any day of the week, and what do you find it full of Cars. In one sense, civil servants are

## The case for lateral thinking

*Richard Tomkins pulls the drawstrings on the public purse*

an exception to this rule: they are highly imaginative when it comes to spending more money. When asked to save it, however, they tend to revert to type. Thus it is incumbent on the rest of us to help the chancellor find the spending cuts he needs.

A good starting place might be the defence ministry. To cancel Britain's one-third share in the £20bn European Fighter Aircraft project would jeopardise 40,000 jobs, it is said. But if employment is the best reason for going ahead with the project, you do not need Lord Grade to tell you that it would make more sense to give the 40,000 workers £100,000 each to start up their own businesses, and keep

the £2.7bn change.

And what of that £10bn folly, the Trident submarine? Investing sums as vast as this in countering the submarines of the former Soviet bloc is surely insanity when, for a fraction of the cost, you could buy the former Soviet fleet and scrap it.

Next might come the Department of Social Security. Some £26bn a year is spent on old-age pensions. Clearly this is an area where the search for economies needs to be balanced with compassion:

subsidising the provision of

hazardous sports for the elderly, for example, might be regarded as distasteful. On a more populist note, however, the welfare budget

could be slashed by offering "new age" travellers and drop-outs £1,000 each and a ticket to the foreign destination of their choice provided they promised never to come back.

After that, the criminal justice system. Whoever came up with the idea of criminalising crime committed a catastrophic blunder: far from restricting its spread, all it has succeeded in doing is driving it underground. It is time to recognise this mistake and legalise crime. If the £3bn a year saved by the abolition of the criminal justice system were to be redistributed among potential wrong-doers, they would be so busy spending the money that they would lack both the time and inclination to offend.

improve accuracy by sacking the Treasury economists and replacing them with someone flipping a coin. (At least he would get it half right).

Maybe these suggestions sound banal. But back in the 1980s, people used to say that the coal and steel industries consumed such huge subsidies that it would be cheaper to pay their employees to stay at home. So what happened? We did. And what happened there was when someone suggested it might be cheaper to pay farmers to stop growing things than to go on subsidising the production of food that could not be sold. No one is laughing now.

If Britain's economy is to be put back on an even keel, therefore, the imagination must be given its head. And to those who criticise lateral thinking as bogus, I say only this: if that kind of blinkered, small-minded attitude had prevailed at the beginning of the century, the Titanic might never have been built.

## Off to the circus

*Michael Thompson-Noel*



TEARS rolled down my face as the Olympic opening ceremony in Barcelona pulsed towards its climax last Saturday. Of course it was bread and circuses, an astoundingly expensive show choreographed and paid for by some of the top brains on Earth - Washington, the CIA, Peking, Kodak, Coca-Cola, Reebok - so as to keep our minds off the woes that wrack our planet.

But I am a sucker for a circus. "Look at this, Miss Lee," I shouted as my executive assistant entered from the garden where she is supervising the erection of a small Greek temple. "The Spaniards have done us proud. This is mankind at its finest - 21 goosebumps-per-minute in a show costing millions and beamed out to all of us, billions of us little people, sitting in our homes. They are worshipping the old gods. We are reverting to our roots. The planet is going pagan."

Miss Lee was non-committal, but the energy and oomph of the opening ceremony were still paramount in my mind on Thursday when I was summoned to Barcelona by the UK sports minister, who is lurking in a villa high in the hills to the west of the Olympic city.

I did not catch his name, but I was sure it was the sports minister because the topic of our meeting was how to handle the Manchester Olympic Games eight years from now, assuming that Manchester, which is somewhere north of London, succeeds in its bid to stage them. The minister was wearing a variety of sports equipment, including streamlined pixie shoes borrowed from the British cycling squad.

"Hurry up, Julian," he shouted at his secretary as Julian served mineral water. Julian is a taekwondo black belt and a member of the

## HAWKS & HANDSAWS

Young Conservatives.

"Right, Michael," said the sports minister from behind his fencing mask. "Chop-chop, quickie-lieke. Tell me, in 200 words, how Manchester can trump Barcelona when Britain stages the millennial Olympics in 2000. Forget the tedious sport. What about the opening ceremony? John Major is giving me untold millions to secure the Games for Manchester. He'll want his money's worth. Do you think this drugs business will foul Britain's chances?"

"Certainly not," I said. "Drugs are complicated. Who is to say what's what. As for Manchester's opening ceremony, you Tories can score a massive PR coup, for yourselves and for Britain."

"Take sports technology. Britain leads the world. This week's jubilee over Chris Boardman's super-bike was not a flash in the pan. I have been talking to the manufacturers. Britain is poised for a golden breakthrough in all Olympic sports. Have you heard about our Stealth javelin? It flies out of the stadium. Or our breakthrough discus? Our leading-edge archery bow or our carbon-polyphilla-332 arrows? Our 21st century yachtng keels? Our hush-hush rifle with antigrav sights in which Nato is sorely interested? The new British volleyball? Handball? Tennis ball? Boxing glove? Sabre? Swimmer? Hockey stick?"

The minister was scribbling furiously; Julian had started to whoop. "Some of these British inventions are still in pre-production, but others are set to roll. At the Seoul Olympics four years ago, minister, Britain finished 12th out of 180 nations on the medal table. But my projections show that by the time of the Atlanta Olympics in 1996, Britain will be equipped to win 78 per cent of all available medals. Four years after that: 96 per cent."

"This technological mastery must star in the Manchester show. And it is not just sports equipment. There is plenty more to make a fuss about - Britain's achievements down the ages as well as our current renaissance."

"It was Britain that smashed the atom, invented the egg-timer and the roulette wheel. Also the double boiler. We invented almost everything. Britain leads the space race. We are discovering miracle processes faster than the Japanese. Our wine makers are peerless, our fashion better than Paris's, our film industry eclipsing Hollywood. And what about our songs?"

"Norman Lamont is right, you know. He gets a bad press because of his blow-wave. But there are green shoots everywhere. We're not having a recession, just a bit of a pause."

The minister was stupefied. He said: "Can you stay to dinner?"

"Fraid not," I said. "Must catch a plane. Governor Clinton needs me."

## Lean times for a man with a taste for the grand style

*The insouciant Christian Lacroix, one of the last of a dying breed of couturiers, speaks to Alice Rawsthorn*

**C**HRISTIAN Lacroix is clever, courteous, cultivated and charming, but also one of the last of a dying breed. Lacroix is a fashion designer, not just any old designer, but a Paris couturier in the grand style with an opulent *hôtel particulier* on the rue Faubourg Saint-Honoré where an *atelier* of skilled seamstresses pore painstakingly over the designs he unveiled at his *haute couture* show last Sunday.

Five years ago when Lacroix set up his couture house, the first to open in Paris for over a decade, he was hailed as the bright young designer who was going to breathe new life into high fashion. Today he is still in business and last Sunday's show was a critical triumph. But it is almost inconceivable that another new designer would be launched today in the same grand style as Christian Lacroix.

"Times change," he says serenely from the leafy garden of his *hôtel* a few doors away from the Elysée Palace. "Five years ago we were living in an era of luxury, Dallas, Dynasty and easy money. Fashion designers were style dictators telling people what to wear. Today things are different. People are less materialistic, more introspective. Designers must find a new role."

Lacroix, 41, fell into fashion by accident. He was born in Arles in southern France. His father was an engineer from protestant stock in the mountainous Cévennes region, "very strict, very sober, very moral"; his mother's family was Provençal, "warm, exuberant, theatrical".

He studied art history at university with the vague idea of becoming a curator in the costume department of a museum. Design did not appeal at the time. "This was the early 1970s. My own style was a combination of bohemian hippy and Bloomsbury Bohemian. Designers did not seem relevant and I was never interested in becoming an old-style couturier, a technician like Balenciaga or Christian Dior."

But by the mid-1970s a new group of young designers led by Claude Montana and Thierry Mugler, was emerging in Paris. A friend took him to see a Mugler show. "It was wonderful - like a 1940s movie. Mugler treated his collection as a form of theatre to express his ideas. I had found what I wanted."

Like most young designers he started off as a freelance. He had one contract in Italy to make shoes for high class hookers and another in Japan designing dresses for the princesses at the Imperial Palace. "I was a mercenary. I loved it."

He made his name in the early 1980s through his funky couture col-

lections for Jean Patou, one of the more obscure Paris houses. In 1987 he was introduced to Bernard Arnault, now chairman of LVMH, the global luxury goods group, then a very ambitious young French businessman.

Arnault saw Lacroix as someone who could attain the same stature as the great French fashion designers, Christian Dior and Coco Chanel. The pay-back, or so he calculated, would come from the string of licensed products, the scents, cosmetics and sunglasses, bearing the Lacroix name and the cachet of his fashion collections.

At the time it all seemed to make sense. The luxury goods business was booming. Lacroix looked like a role model for the modern fashion house with Arnault taking care of the finances. He paid for everything from the seamstresses' wages to the Garouste and Bocelli bill for the pink and orange interior of the *hôtel*. All Lacroix had to do was to deliver his collections - and lots of

*For all his talent, if Lacroix was starting off today he would find it very difficult to persuade anyone to set him up in his own house*

glossy photographs of his *haute couture* lifestyle in the fashion magazines - so that Arnault could market his star.

Christian Lacroix kicked off with couture and then launched *prêt à porter*. He has since opened shops: the next opens on Monday on London's Sloane Street. He has signed licences for everything from men's ties to women's tights. Two years ago he, or rather Dior Parfums, another part of the Arnault empire, launched *C'est La Vie!* the gaudy suits from the front row of every show.

Moreover, as Arnault must be well aware, Lacroix is seen as an institution in France, where fashion designers are feted as national treasures. Any attempt at closing the house could be catastrophic for Arnault's public image. He made a rare appearance at last Sunday's couture show as if to signal his support for his designer. "So far Bernard Arnault has had the courage and vision to support us," says Lacroix. "Let's hope he continues."

In the meantime, Lacroix is left to fulfil his side of the bargain, by concentrating on design. This is a turbulent time for the fashion world. The 1980s was an era when everything, not only the economic environment, but also the cultural climate of conspicuous consumption, seemed favoured to fashion designers.

The climate has changed. Conspicuous consumption has faded, as much because of environmental concerns as recession. The elitism of designer clothes is an alien to today's 20-year-olds, the "rave" generation, as it was to their hippy predecessors, like Lacroix himself, in the early 1970s.

"There has been a return to the values of the early 1970s," says Lacroix. "People are no longer interested in clothes as status symbols, to show how much money they have. Instead they see them as a form of self-expression. As designers we have to use our instincts to interpret the new mood."

Bernard Arnault has yet to see a single cent back from his investment. The couture collection is still losing money and *prêt à porter* has

## Cleaner Thames tempts salmon to return - after 150 years

compel admiration throughout continental Europe, where, by and large, the degradation of the great rivers has continued unabated.

Having made the river clean enough for salmon, the old Thames Water Authority decided that salmon there should be. It wanted

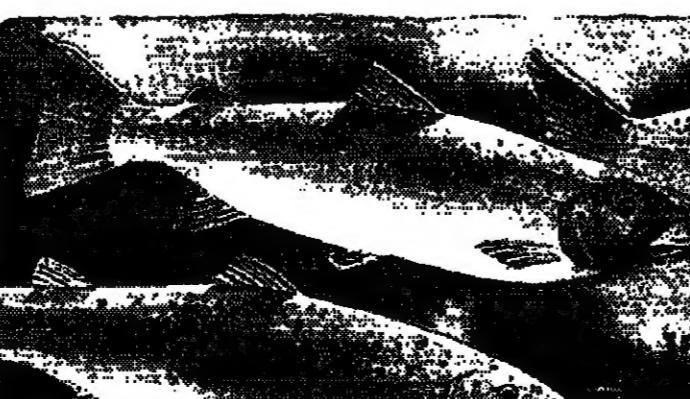
- understandably, if vaingloriously - to show off what it had done.

The task was immense. To establish a self-sustaining run of salmon, much more than clean water is needed. In particular, the fish has to be able to make its way up-river to spawn at the time of year when it feels the need. Having got there, it must be able to find suitable spawning grounds.

Standing in its way, however,

were more than 40 weirs.

It was essential to build fish passes - but these cost anything up to £60,000 each and the scientists reckoned that - at the very least - they would have to be installed in the 22 weirs up to Reading, west of London, for the project to have any



chance of success. So, five years ago

the NRA has continued its work in enhancing the gravel beds

suitable for spawning, and introducing juvenile stock.

How admirable and plausible it sounds. But grave doubts linger. The target of the Thames project is to achieve a run of 1,000 fish a year. When you consider that on a river

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he would find it very difficult to persuade anyone to set him up in his own house, run in the grand style. For all his talent, he would be more likely to be struggling as an independent, or to be designing under someone else's name as he did at Patou.

People say it's immoral to make such expensive clothes at a terrible time of recession, ecological catastrophe and war in Yugoslavia. But that's not a valid issue. The reason my clothes cost so much is because we use beautiful materials, velvets and silks, and are made by hand with great skill. Those are timeless values, part of the French artisan tradition.

It is this craftsmanship, he believes, that will enable the designers to define a new direction. "This is an era when people are concerned with internal values and the quality of life. Couture is all about quality. I would never claim that fashion is a form of art. It isn't. But I do believe that you can get as much aesthetic pleasure from a beautiful piece of couture embroidery as from a fine painting or a piece of sculpture. Fashion's role in the 1990s is to explore those rituals."

He may be right. But even if he is, fashion designers seem destined to play a more marginal role in the 1990s, than in the 1980s, with less influence over fashion trends and less appeal to investors.

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he would find it very difficult to persuade anyone to set him up in his own house, run in the grand style. For all his talent, he would be more likely to be struggling as an independent, or to be designing under someone else's name as he did at Patou.

Christian Lacroix was lucky in meeting the right man, Bernard Arnault, at the right time, just before the recession. "I need the grand style. Some designers can work from tiny rooms running up dressed in cheap fabric and showing them in disused metro stations. Not me. It's the rituals and the tradition of a big house that inspires me. And fashion is the only thing I can do. I don't have the talent for anything else."

And yet. Having raised

the objections, I confess that I am still undecided. Reason suggests that the whole idea was a pipe dream and should have remained such. But having come so far, and having expended such effort, it would seem a terrible shame not to go on, even if circumstances do eventually conspire to sabotage the project. And, yes, it is cheering, even inspiring, to think of this marvellous creature fighting its way against the odds and the current through the heart of London, as it did two centuries ago.

The Thames Salmon Trust is anxious to attract individual and corporate sponsors for the fish pass programme. Inquiries to Major John Hyslop, Kings Meadow House, Kings Meadow Road, Reading, Berkshire (tel: 0734 635 544).

*Tom Fort*

The whole thing is a minor modern miracle in view of the fact that London's filth had blocked the salmon's way for almost 150 years. Early in Victorian times, the river was no more than an open sewer until an event known as the Great Stink inspired a revolution. A huge raft of suspended faeces came to rest beneath the windows of parliament.

The upshot was the construction of the capital's first sewerage scheme, designed by Sir Joseph Bazalgette. But it was not until after the Second World War that the marvellous transformation of the Thames began - one which should

like the Moy, in the west of Ireland, something like 10,000 salmon are caught each year on rod and line, it can be seen how modest the ambition was.

Yet, in 20 years it has come

nowhere near to being realised. In

the best year, 1988, the run

approached 500. Last year, the con-

tributed total was 59.

This is no fault of the scientists who have done their utmost; nor of the Thames Salmon Trust. The causes have been the general fall in the numbers of Atlantic salmon and the successive years of drought. This summer's healthier flows have encouraged a distinct improvement in the migration.

It is, however, worth asking what the benefits would be if a run of 1,000 fish a year was established. In sporting terms it would be almost nil, since the fish would still be too scarce to repay serious angling. Any value would be principally symbolic. It would tell people that something has been done. At what